

# Annual Report 2007

The Northeast Regional Center for Rural Development



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# 2007 Annual Report on Accomplishments

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# Preface

During the past year, the Northeast Regional Center for Rural Development integrated its work across three inter-related areas: farm viability/growth; land use; and jobs, self-employment, rural distress and quality of life. The Center carried out its mission by providing science-based research and extension resources to land grant faculty and educators across the northeast region, fostering and building on networks of faculty and educators.

One important highlight of the past year was the Transatlantic Land Use Conference (TALUC), held on September 24-26, 2007 in Washington, DC. Featuring a welcoming address by US Department of Agriculture Undersecretary Dr. Gail Buchanan, this conference included keynote speeches and over 90 selected papers. Attendees numbered over 130 and represented ten different countries. Two scientific books based on selected papers from this conference are being prepared and will serve as basic material for subsequent outreach publications.

Another exciting area of emerging research and outreach is that of small farm development and local agriculture. There is tremendous interest among consumers and stakeholders in this topic within our region, and a number of distinct initiatives are converging through the efforts of a dedicated group of educators and faculty based at land grant universities in the Northeast.

We are pleased to present this Annual Report summarizing our work during the last year, and welcome any feedback and comments from our readers.

University Park, PA  
January 25, 2008



Stephan J. Goetz

*Our Mission Statement: The Northeast Center provides multi-state leadership in the areas of rural vitality and land use management for the land grant universities of the Northeast. Activities include creating new knowledge and educational resources, networking faculty and educators to leverage state resources, and providing linkages to national initiatives.*

# 1. The Economic Context of the Northeast

The broader socioeconomic context facing the Northeast region is succinctly summarized in the following series of maps. The first two maps show population change over the 1990s decade, and between 2000 and 2006, the most recent year available. The maps strongly suggest continued outflows of population especially from the rural counties of the Northeast, but also the major cities along the Northeastern seaboard, and relatively strong population growth around urban areas.

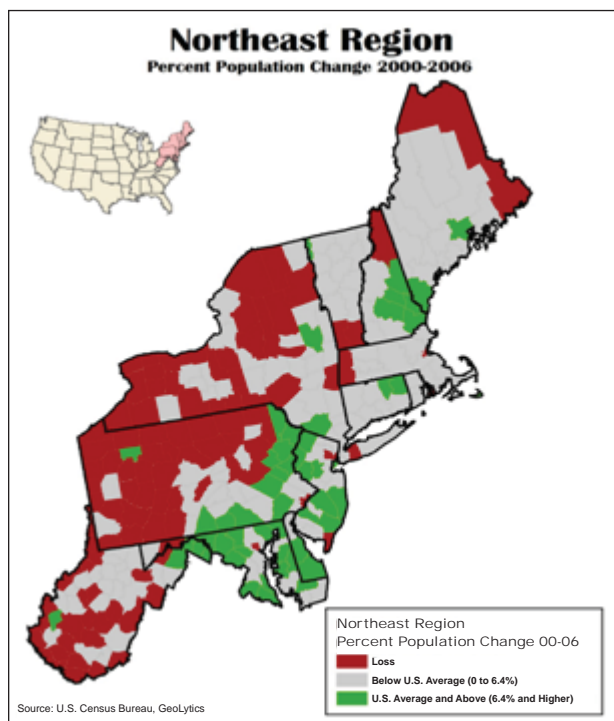
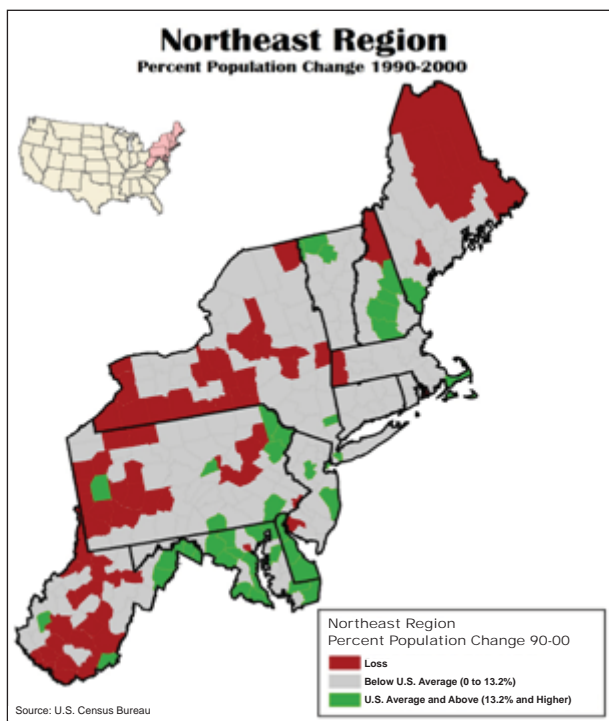
These population shifts indicate continuing economic adjustment problems in the rural areas. Also, as the population continues to move out

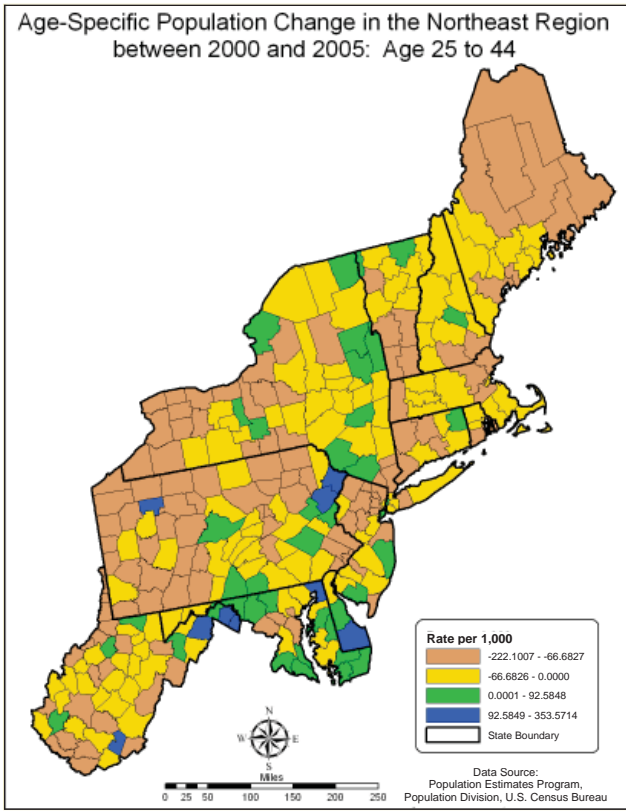
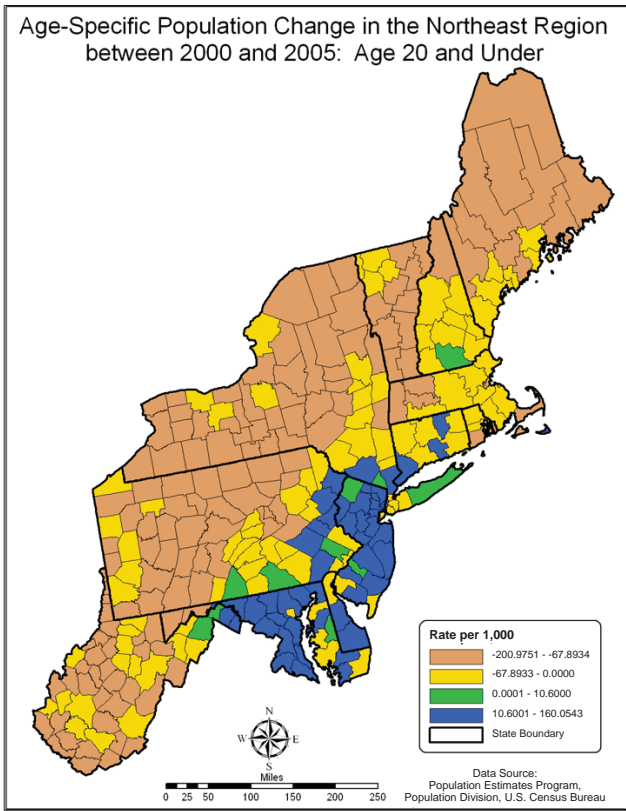
of central cities, and into the suburbs, rural – urban conflicts are escalating in more and more communities across the Northeast.

The next set of maps shows the age make-up of the population that is moving into and out of Northeast counties. Especially noteworthy is the important degree of youth out-migration, as well as the significant increases in shares of elderly residents. Also very important are the large increases in Hispanic populations over recent years. Without this in-migration, the relative population loss from the region would have been even more pronounced.

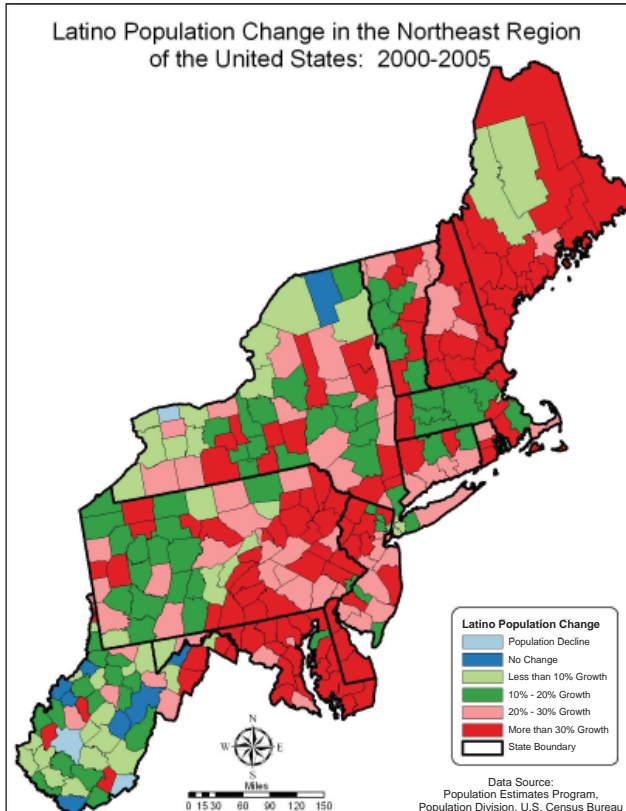
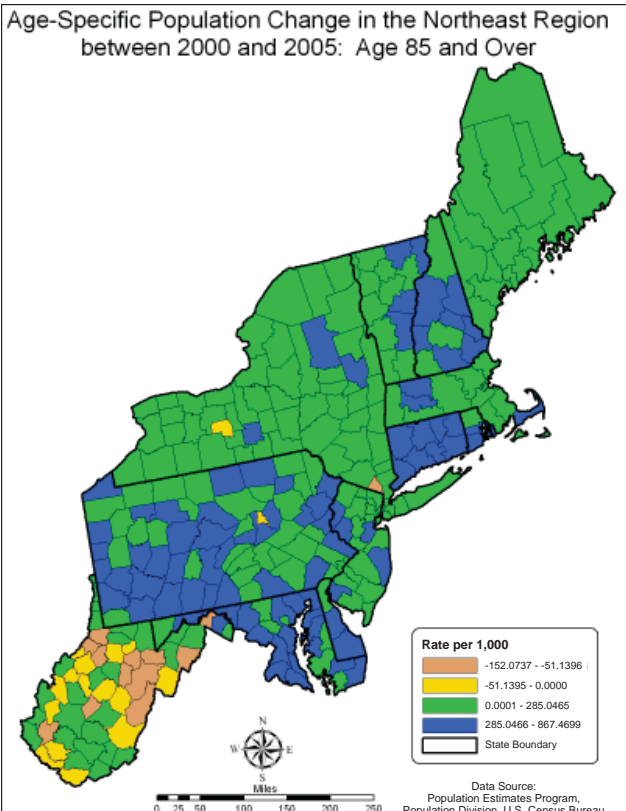
## Population Change in the Northeast, 1990-2000 and 2000-2006

Maps are courtesy of SRDC





Maps courtesy of Snyder et al. (RDP No. 39)



## 2. Projects and External Grant Funding (2007)

### 1. Farm Viability/Growth

**Small Farms Industry Clusters Research Project;** \$310,000; USDA/NRI Small Farms and Community Viability initiative; continues in year 3 of 3 (2005-2008); <http://nercrd.psu.edu/SFIC/SFIC.htm>; 7 states.

This integrated, multi-disciplinary research/outreach project examines the roles of small farm clusters in increasing agricultural profitability in the Northeast region. We are working with seven different clusters.



#### Small Farm Clusters Program

**SRDC** (Southern Rural Development Center) grant to develop research-based curriculum for linking farmers to the Internet; \$25,000; With John Nettleton and Duncan Hilchey, Cornell University.

This proposal develops and delivers new program modules that train Extension educators in the application of specific tools and data sources to enhance market, value-added and direct market agricultural decision-making throughout the Northeast. The tools incorporated in the design of these new training modules will include but are not limited to such programs as MarketMaker, a web-based platform originating with the University of Illinois Extension and presently online in four (4) states that links consumers and producers throughout the food chain; MarketScape, a GIS-based marketing tool developed for New York State by Cornell University focusing on food security and market identification and analysis using demographic data; and AgMAP (<http://agmap.psu.edu/>) a Pennsylvania State University electronic directory that allows farmers to advertise and market their products directly on the web. In addition, we will develop: 1) a state-of-the-art peer-reviewed compendium of web-based resources and tools designed to meet the market enhancement needs of Extension educators, farmers, businesses, and a wide range

of economic development interests and entities; 2) an inventory and assessment of the data and IT resource needs of Extension Educators and producers and other agricultural market interests throughout the Northeast; 3) a series of instructional program components, curriculum and trainings for Extension Educators taught via Breeze and available on the web; 4) an assessment of future training and information needs identified by program participants (Extension Educators); and 5) an evaluation, peer review component and beta-testing to assess the content and delivery methods of all education modules and tools.

### 2. Land Use

**Social, economic, and ecological effects of second home development in the northern forest region;** Northeastern States Research Cooperative (NSRC) 2007; Lead PI: Richard Stedman (ME, NY, VT, NH, PA cooperating); funded at \$125,000.

Second homes are becoming increasingly prevalent in natural resource-rich areas in the Northern Forest Region. The retirement of the baby boom generation and widespread economic prosperity are likely to result in future second home growth. However, the potential economic, ecological, and social impacts of second home development remain poorly understood, leaving many rural communities ill-equipped to deal with these changes. This project 1) describes the distribution and growth trends of second homes in the Northern Forest Region over space and time; 2) identifies causes of second home growth and predicts future growth; 3) identifies the impacts of second homes and how these impacts vary throughout the region; and 4) helps policy makers develop programs to help maintain northwoods regional imagery, and enhance well-being.

This project will combine a synthesis of secondary data with the collection of qualitative and quantitative community case study data. We will create a county-level data base that combines data from multiple sources, allowing us to describe and understand the causes of spatial and temporal trends in second home growth, create typologies of second home places, and model the effects of second

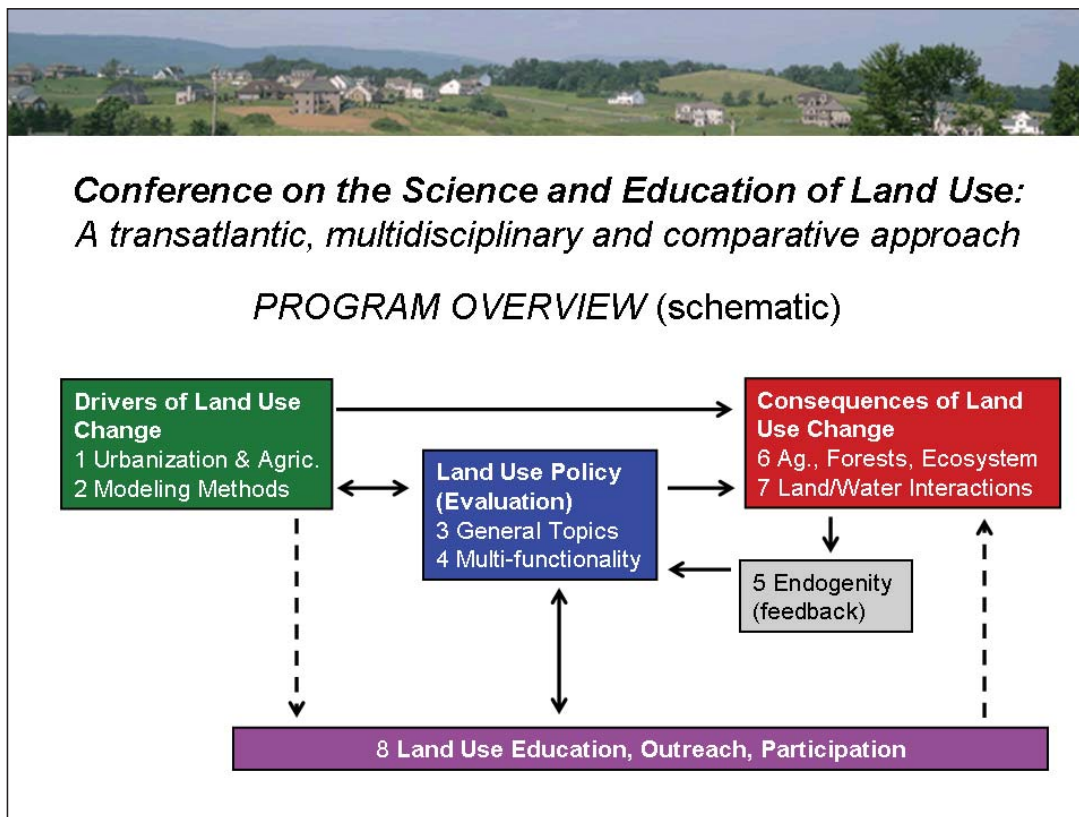
homes on social, environmental, and economic community well-being. Four sites (one per state) will be identified for in-depth case studies. We will use key informant interviews and facilitated discussions to assess how the impacts of second home developments are experienced locally. We will use these insights to develop a quantitative household mail survey with a random sample of permanent and second home owners in each of the four study sites (~ 350 per site), allowing us to more systematically assess differences between permanent and second home owners.

Based on this research, we expect to identify ‘hot spots’ of second home growth, predict areas where it is likely to grow in the future, and assess the environmental, social, and economic impacts of second homes. Because we are using region-wide secondary data sets and community case studies, these results will be both region-wide and particular to specific communities and community types. This information will help local and regional decision-makers understand how second home development is likely to affect the future of the Northern Forest region (broadly), as well as particular community types. Based on these understandings, such decision-makers will be in the position to implement effective local and regional policies to maximize the benefits of such development, while minimizing its negative impacts to the Northern Forest region.

**Transatlantic Land Use Conference** (Sept. 24-26, 2007): 90 Papers; Ministry of Agriculture, The Netherlands, €10,000; \$10,000 received from USDA/CSREES; Farm Foundation, \$15,000; various other groups \$20,000.  
<http://www.nercrd.psu.edu/TALUC/>

“TALUC significantly raised the profile of the Northeast Center among scientists working on land use issues.”

James S. Shortle, Fall 2007  
 Distinguished Professor of Agricultural and Environmental Economics and Director, Environment and Natural Resources Institute







### 3. Jobs, Self-Employment, Rural Distress and Quality of Life

**Targeted Regional Economic Development:** an edited book is nearing completion. In Phase II of this project we are seeking support for an Extension roll-out, Farm Foundation. \$25,000; pending. [See abstract and table of contents of book on page 7]

USDA-CSREES NRI Rural Development topic area, Grant Application on **Microenterprises and Entrepreneurship** in rural areas: Definition, Causes and Impacts, \$500,000, in development. Participants: Jim McConnon and Todd Gabe, UMaine; Mark Partridge, OSU; Steve Deller, UWisc.

**Center for Rural Emergency Medicine**, West Virginia University, grant application to the National Center for Suicide Prevention, (provide expertise on social capital measures); funded; approx. \$100,000 (WV component); National component for re-submission to NIH, \$320,486, 2007-2012 (pending). R. Bossarte, PI.



T. Gabe, **The Pursuit of Happiness in Rural Areas**, for re-submission to NIH, Institutes on Aging, multi-state and multi-disciplinary; \$125,000 (3 states).

# 3. Projects co-Funded by the Center

**Leveraged 11 NE-SARE grants** in 2006-2007 (total: \$127,831, \$25,000 from Center); 2005/06 – funded by the Center

1. Canandaigua Lake Foodshed: Farm-to-cafeteria program
2. New ag venture support program
3. South Hero Land Trust: “Champlain Islands” Grown Guide to Agriculture

2006/07 – funded by the Center

1. Building community health, farm viability and food equity through community supported agriculture
2. Promoting Pennsylvania cheese at farmers’ markets
3. Growing Carver community connections

## **CNE07-020 Building Community Health, Farm Viability, and Food Equity Through Community Supported Agriculture**

A healthy diet is key to preventing obesity and diabetes, yet many low-income consumers are not accustomed to buying or cooking fresh produce. The project manager will build on a previous drive to offer subsidized shares in



a community supported farm by expanding the number of low-cost shares and by offering cooking and nutrition classes. New farmers will be recruited and at least 36 subsidized shares will be available. Outreach will be primarily through the farm network and existing community organizations.



## **CNE07-022 Promoting Pennsylvania Cheese at Farmers’ Markets**

Demand for local farm products is rising in the Philadelphia area, but sales of Pennsylvania farmstead cheese have been slow. The project manager will identify any barriers to these sales, support marketing efforts, and recruit more dairy producers to make and sell locally made cheese. Outreach will be through farmer networks and a free downloadable resource guide.

## **CNE07-024 Growing Carver Community Connections**

Growth and demographic change have resulted in a declining awareness of this town’s agricultural base and the benefits and contributions implicit in having farms and productive land. A farmers’ market, launched in 2006, may be the right vehicle for engaging the community, educating residents about local government, adding vibrancy, and addressing the economic needs of farmers. The project manager will act as a facilitator, connector, and collaborator to make the best use of the market as leverage for improved community development. Outreach will be through local media, town communications, and a newsletter.

# 4. Publications and Books: Recent, in Progress and Planned

## 1. Targeted Regional Economic Development (Routledge, forthcoming, 2008)

S. J. Goetz, S. Deller and T. Harris, editors;  
Fall 2008

<http://nercrd.psu.edu/TRED/BookOutline.html>

### I. 1. Introduction (Goetz, Deller, and Harris)

This chapter introduces the book. Topics covered include: why we are interested in TRED; a brief overview of how TRED has changed over the years; overview of the national efforts; objectives of the book; and outline of the book with a detailed summary of each chapter.

1. Industry Clusters and Industry Targeting (Shields, Barkley and Emery)



## II. Policy Background

This section of the book “sets the stage” for why TRED, or industry targeting, is particularly relevant today. Historical backgrounds provide a foundation for an in-depth discussion of current policy approaches. Special attention is given to the notion of “cluster development” as advanced by Michael Porter. The reader is provided with a general appreciation of the tone of current policy debates.

2. Historical Description of Economic Development Policy (Deller and Goetz)

3. Why is TRED Important in Today’s Policy Setting (Drabenstott)

4. The Theory Behind TRED (Deller)

5. Overview of Porter’s Work/Clustering (Woodward and Guimaraes)

6. Impact of Agglomerations on the Economy (Gabe)

### Endorsement of the TRED Book (Routledge, 2008), Goetz, Deller & Harris, eds.

*“Targeting regional economic development deals with the strategy that arguably occupies most of the economic development activity of cities and regions. With contributions from eminent academics intimately involved in local economic development practice, this book presents a tool-box of new and innovative methods for regional economic targeting along with the theoretical and conceptual moorings of these applications.”*

Professor Daniel Felsenstein  
Director, Institute of Urban and Regional Studies  
Hebrew University of Jerusalem, Israel

### III. Empirical Modeling Approaches

This section of the book provides an in-depth review of the current empirical methods that are used within an industrial targeting framework. The reader will gain an understanding of the different empirical methods that can be used to work with communities that are interested in industrial targeting. Sufficient detail is provided that readers will be able to replicate each of the approaches.



#### A. Probability of Location Model or Attractive Score Models

7. Modeling the Probability of Manufacturing Activity in the Great Plains (Leatherman and Kastens)
8. Regional Variation in the Location Choice of Goods-and Service-Producing Industries (Cader, Leatherman, and Crespi)
9. An Application of a Double Hurdle Firm Location Model: An Example with the State of Montana (Davis and Harris)

#### B. Use of Input-Output Models for Cluster Targeting

With the continued widespread use of IMPLAN (Impact Analysis for Planning), a modeling system and database that allows for the construction of detailed input-output (IO) models for individual counties or any combination of counties, several applied researchers have developed methods for using IO to undertake industry targeting studies. This section of the book will review in detail some of the alternative approaches of using IO and IMPLAN in particular for TRED analysis.

10. Targeting Industry Clusters for Regional Economic Development: The REDRL Approach (Barkley and Henry)
11. Import Substitution and the Analysis of Gaps and Disconnects (Deller)
12. Value Chains and Labor Pools (Feser)
13. Underpinnings for Practical Application (Hughes)

#### C. Incorporating Values of Community

One of the limitations to using industry targeting or cluster analysis to help form economic growth and development policies for communities is that the analysis and potential recommendations are sterile and do not reflect the culture or values of the community. This section of the book will provide two chapters discussing these limitations and offer methods for incorporating community values into the analysis.

14. Targeting with the Analytic Hierarchy Process (Cox and Johnson)
15. Normative versus Positive Targeting (Johnson)



16. The Community Business Matching Model: Combining Community and Business Goals and Assets to Target Rural Economic Development (Cox, Alevy, Harris, Andreozzi, Wright and Borden)

**IV. Applications and Case Studies**

One of the central objectives of this book is to provide the reader with insights into not only the theoretical foundations of targeting as well as empirical methods, but also approaches for using the analysis to affect policy. The focus of the discussion in this section of the book will highlight methods for working within communities.



17. TRED as an Educational Tool (Shields, Leatherman, Deller)

18. Models of Community Development (Woods)

19. Building Multifaceted Local Economic Development Programs Around Targeted Regional Economic Development (TRED) (Nelson, Woods and Doeksen)

**V. Conclusions**

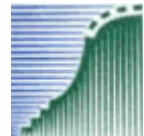
20. Conclusion: What have we learned? (Harris, Goetz and Deller)

**2 and 3. Transatlantic Land Use Conference: various products are planned (2008).**

Academic books on state of the art research.



Please see Table of Contents for these books on the next two pages.



**2. Title of Work: “New Perspectives on Agri-Environmental Policies; a Multidisciplinary and Transatlantic Approach.”** Routledge

Editors: Stephan Goetz (Penn State University, USA) and Floor Brouwer (LEI, The Netherlands)

**Chapter 1: Introduction**, Stephan Goetz and Floor Brouwer



**Part 1: Understanding Current Relations between Agriculture and Environment**

**Chapter 2: Land use transitions, demographic change and perceptions of place**, Jill Findeis

**Chapter 3: Payments for environmental services from farming; what is the role for governments? An OECD perspective**, Wilfrid Legg

**Chapter 4: Agri-environmental programs in the US and the EU**, Nelson Bills and Christina van Haaren

**Chapter 5: Evaluation of agricultural land preservation programs**, Lori Lynch, Wayne Gray and Jacqueline Geoghegan

**Chapter 6: Public preferences for protecting working landscapes**, Kathleen P. Bell

**Chapter 7: Small feet, big tracks: the potential economic effects of critical habitat designation on the economy of Southeastern Wyoming**, Thomas Foulke, David T. Taylor and Roger H. Coupal

**Part 2: New Perspectives on Modelling Agri-Environmental Relations**

**Chapter 8: Multi-scale integrated analysis of land use change**, Peter H. Verburg, Koen P. Overmars, Martha Bakker, Louise Willemen

**Chapter 9: Multifunctionality and land use policy: an application of non-market valuation to urban fringe farm and forest preservation**, Joshua M. Duke and Robert J. Johnston

**Chapter 10: Agent-based land use models for teaching, extension and collaborative learning**, Thomas Berger and Pepijn Schreinemachers

**Part 3: The Scope for Emerging Policies**

**Chapter 11: Castles or cattle? Community economics and policy alternatives in the competition for ranch open space values**, Andrew Seidl, Lindsey Ellingson, Nicholas Magnan and CJ Mucklow

**Chapter 12: Compliance with standards in European agriculture vis-à-vis main competitors on the world market; a comparative approach on public benefits**, Floor Brouwer and Roel Jongeneel

**Chapter 13: Designing efficient agri-environmental schemes under consideration of the Common Agricultural Policy (CAP) in Europe**, Bettina Matzdorf, Klaus Müller, Christian Kersebaum, Joachim Kiesel and Thomas Kaiser

**Chapter 14: The future of farmland preservation programs: from retention and viability to resiliency**, Soji Adelaja, Mary Beth Lake, and Manuel Colunga-Garcia

**Chapter 15: Prospects for new agro-environmental policies**, Stephan Goetz and Floor Brouwer

**3. Title of Work: “The dynamics of land use and ecosystem interactions**

**Subtitle:** *A transatlantic, multidisciplinary and comparative approach,* Springer

**Author/Editor(s):** Floor Brouwer (LEI) and Stephan Goetz (Penn State University)

**Affiliation:** LEI, Wageningen University and Research Centre; Northeast Regional Center for Rural Development, Penn State University

1. Introduction, Floor Brouwer and Stephan Goetz



**Part 1: Setting the Stage: Drivers of Change**

2. Analysis and modelling of change in land use systems as exemplars of coupled natural and human systems, Richard Aspinall

3. What drives land-use changes across the U.S.? A regional analysis of landowner decisions, Ruben N. Lubowski, Andrew J. Plantinga and Robert N. Stavins

4. Demographic, economic, environmental and political determinants of irreversible land development in the U.S., Scott R. Templeton

5. Insights from transatlantic comparative studies on land use and political driving forces: the example of Massachusetts, USA - Switzerland, Anna M. Hersperger and Matthias Bürgi

6. Comparison of land use changes due to urban growth in St. Louis metropolitan area (USA) and Greater Copenhagen area (Denmark), Henry N.N. Bulley, Anne G. Busck, Samrita Lohani, Søren P. Kristensen and Søren Praestholm

**Part 2: Land Use Modeling**

7. Lessons and challenges for land change modelers as revealed by a comparison of thirteen cases, Robert Gilmore Pontius Jr., Jean-Christophe Castella, Keith Clarke, Ton de Nijs, Charles Dietzel, Duan Zengqiang, Eric Fotsing, Noah Goldstein, Kasper Kok, Eric Koomen, Christopher D. Lippitt, William McConnell, Bryan Pijanowski, Alias Mohd Sood, A. Tom Veldkamp and Peter H. Verburg

8. ‘Sustainability Impact Assessment Tools’ (SIAT) for European analysis, Stefan Sieber, Peter Verweij, Klaus Müller, Katharina Helming, Tom Kuhlman, Dirk M. Wascher, Marta Perez-Soba, Paul Tabbush, Oliver Dilly, Hanne Bach, Karen Tscherning, Bettina König, Hubert Wiggering

9. The importance of land heterogeneity in trade liberalization analyses, Andrejz Tabeau, Bas Eickhout and Hans van Meijl

**Part 3: Outlook: Emerging Perspectives of Land Use Modeling and Ecosystem Interactions**

10. Evaluating land use plan quality, Philip Berke and David Godschalk

11. Innovation in natural resource management for the United States and Western Europe rural areas, S. Bankston, M.A. Brennan, and M. Moon

12. Managing coastal urbanization and development in the 21st century: Balancing human dimensions and environmental quality issues, Geoffrey I. Scott, A. Fred Holland, M. Richard DeVoe and Dwayne S. Porter

13. Ecological networks to balance development and conservation: Examples from land use planning in the Netherlands, USA and Argentina, Hubert van Lier and Gerrit J. Carsjens

14. Policy context of managing future land use patterns, Floor Brouwer and Stephan Goetz

Policy briefs (for Farm Foundation, Netherlands Ministry of Ag., USDA, etc.); Extension materials in preparation.

*Using Farmland Amenity Values to Improve Preservation Policy*; includes lessons from Europe, Josh Duke (University of Delaware)

*Land Use Policy, Urbanization and Agriculture*, Lori Lynch (U. of Maryland)

*Land Use (Policy): Economic, Social and Environmental Impacts*, Jun Jie Wu (Oregon State University)

*Carbon Sequestration*, Madhu Khanna (University of Illinois)

Written for lay audiences, each of these policy briefs addresses the following questions:

- what are the challenges/issues?
- what alternative approaches are available to address them?
- what are implications for agriculture, urbanization and policy?

4. **Special issue** of *Agricultural and Resource Economics Review* (April 2007, vol. 36, no. 1) with papers from the “Opportunities and Challenges Facing the Rural Creative Economy Workshop,” NAREA annual meeting (Mystic, CT).

## Contents

Selected papers in this volume were presented at the Opportunities and Challenges Facing the Rural Creative Economy Workshop of the NAREA annual meetings, Mystic, Connecticut, June 13-14, 2006.

Special Issue on Opportunities and Challenges Facing the Rural Creative Economy / Todd Gabe

### *Invited Papers*

Place-Based Economic Policy: Innovation or Fad? / Thomas G. Johnson

A Consumption Base Theory of Development: An Application to the Rural Cultural Economy / Ann Markusen

### *Contributed Papers*

Spatial Analysis of Rural Economic Development Using a Locally Weighted Regression Model / Seong-Hoon Cho, Seung Gyu Kim, Christopher D. Clark, and William M. Park

What Is Historic Integrity Worth to the General Public? Evidence from a Proposed Relocation of a West Virginia Agricultural Mill





/ Vishakha Maskey, Cheryl Brown, Alan R. Collins, and Hala F. Nassar

The Emergence of Rural Artistic Havens: A First Look / Timothy R. Wojan, Dayton M. Lambert, and David A. McGranahan

The Effects of Workforce Creativity on Earnings in U.S. Counties / Todd M. Gabe, Kristen Colby, and Kathleen P. Bell

Net Gains from Net Purchases? Farmers' Preferences for Online and Local Input Purchases / Marvin T. Batte and Stan Ernest

Can Health Care Services Attract Retirees and Contribute to the Economic Sustainability of Rural Places? / James F. Oehmke, Satoshi Tsukamoto, and Lori A. Post

Amenities and Rural Appalachia Economic Growth / Steven Deller and Victor Lledo

Ambient Returns: Creative Capital's Contribution to Local Manufacturing Competitiveness / Timothy R. Wojan and David A. McGranahan

Regional Growth Impacts on Agricultural Land Development: A Spatial Model for Three States / Yohannes G. Hailu and Cheryl Brown

\*\*\*The NAREA Rural Creative Economy workshop received funding from the Northeast Regional Center for Rural Development.

#### FOREWORD

Special Issue on Opportunities and Challenges Facing the Rural Creative Economy

Todd Gabe

Economic development is a top priority of state and local policymakers. In many rural areas, the abilities to enhance employment opportunities and raise earnings are practically necessary ingredients for survival. Prescriptions for rural economic development have evolved over time from industrial recruitment to business retention to strategies stressing entrepreneurship and local amenities. In recent years, Richard Florida's ideas about the creative economy have grabbed the attention of regional policymakers and spawned a variety of economic development initiatives aimed at attracting members of the creative economy.

This special issue of the *Agricultural and Resource Economics Review* contains papers related to the broad area of economic development, with a focus on the rural creative economy.



The creative economy papers are from a workshop on the topic held in Mystic, Connecticut, on June 13-14, 2006, following the annual meetings of the Northeastern Agricultural and Resource Economics Association (NAREA). The Northeast Regional Center for Rural Development co-sponsored the workshop, and provided financial support. Workshop objectives were to characterize rural areas in terms of the development of the creative economy, examine the effects of amenities and other community attributes on the growth of the rural creative economy, and investigate the effects of the creative economy on other indicators of rural vitality.

Thomas Johnson's paper on place-based economic policy, presented at the NAREA Meetings' Award Luncheon, provided an excellent point of departure for the creative economy workshop. Tom defines place-based economic theories, which include quality-of-life strategies such as amenity-based initiatives, as "those in which economic behavior is explained as a process which is influenced by the characteristics of places, and by interpersonal relationships which are influenced by the characteristics of places." In a nutshell, Richard Florida's "creative capital" theory of economic development is that the creative process – influenced and fostered by the regional presence of technology, talent, and tolerance – generates economic vitality.

Ann Markusen's keynote presentation at the creative economy workshop further examined

the subject of place-based economic development with a consumption-base theory of rural development. Unlike an export-base approach to economic development that supports the use of incentives to attract manufacturing plants that ship goods outside the region, the consumption-base theory stresses the importance of cultural facilities and locally provided services as contributors to rural economic development. Ann suggests that, by "providing better local cultural and entertainment opportunities," local policies can change consumption patterns and "spur small town development." This idea is at the heart of many rural creative economy initiatives.

Two papers presented at the workshop examined the local characteristics that attract members of the creative economy. Timothy Wojan, Dayton Lambert, and David McGranahan documented the presence of "artistic havens" in rural areas, and found that they have long been established in "places of spectacular natural beauty." However, important for current rural development policy, emerging havens are found in places with vibrant tourism economies and other demand factors, but without "irreproducible" natural amenities. Seong-Hoon Cho, Seung Gyu Kim, Christopher Clark, and William Park looked at the factors that influenced the growth of creative industry employment in the southern United States. The workshop paper by Vishakha Maskey, Cheryl Brown, Alan Collins, and Hala Nassar estimated the value that local residents place on a historic resource. A



historic resource may provide local authenticity, deemed desirable by some members of the creative economy.

Other papers appearing in this issue examined the effects of the creative economy on aspects of local economic vitality. In a paper presented at the workshop, Todd Gabe, Kristen Colby, and Kathleen Bell suggest that workforce creativity, notably “technical” creativity, raises county-level earnings. Timothy Wojan and David McGranahan, in a non-workshop paper, found that for self-directed manufacturing firms, creative capital in the local economy enhances entrepreneurial activity and the adoption of advanced technologies. These studies document some of the local benefits associated with the creative economy.

The remaining non-workshop papers continue the theme of rural economic development. Returning to the idea of amenity-based development, the paper by Steven Deller and Victor Lledo examined the effects of amenities on economic growth, with an emphasis on rural Appalachia. They found that amenities impact population and employment growth, but not income growth. On a related topic, James Oehmke, Satoshi Tsukamoto, and Lori Post looked at the effects of health care services (considered an amenity to the elderly) and cultural amenities on elderly migration. Results show that younger retirees aged 65 to 69 favor areas with cultural and entertainment opportunities, while health facilities are an important factor impacting the migration decisions of those aged 70 and older.

Finally, this special issue includes a paper on agricultural land development by Yohannes Hailu and Cheryl Brown, and a paper on e-commerce by Marvin Batte and Stan Ernst.

Todd Gabe is Associate Professor in the Department of Resource Economics and Policy at the University of Maine in Orono. April 2007  
*Agricultural and Resource Economics Review*



## 5. Other publications

### Network07 Newsletter

Four Issues of Network07, vol. 22, Nos. 1-4, A Quarterly Newsletter for Northeast Rural Development. URL: <http://nercrd.psu.edu/Publications/newsletter.html>; From the Director columns, published quarterly in Network07

“Identifying and Creating Value Through Clusters” (no. 1), March 2007

“In Pursuit of the Rural Creative Class” (no. 2), June 2007

“Land Use Conference Brings Together US and European Scientists” (no. 3), September 2007

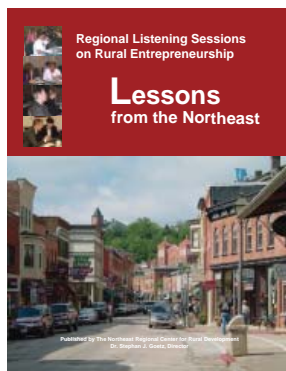
“Population Change 2000-2005 and the Rural Northeast Economy” (no. 4), December 2007

“Many newsletters come across my desk... Yours (*Network*) is one of the few that I look at closely, because I find it to be of value.”

Andrew Isserman, April 20, 2007  
Professor of Urban and Regional Planning  
and Professor of Agricultural and Consumer  
Economics

## Rural Development Paper Series

The Northeast Regional Center, July 2007, RDP No. 37, “Regional Listening Sessions on Rural Entrepreneurship: Lessons from the Northeast,” 16pp. <http://nercrd.psu.edu/Publications/rdppapers/rdp37.pdf>



Goetz, Stephan, Steven Deller and Tom Harris, July 2007, RDP No. 38, “Targeting Regional Economic Development: An Outline of a National Extension Educational Program,” 18pp. Also presented at the 2007 CDS Conference, Appleton, Wisc. <http://nercrd.psu.edu/Publications/rdppapers/rdp38.pdf>

Yang, Tse-Chuan and Anastasia Snyder, November 2007, RDP No. 39, “Population Change in the Northeast 2000-2005,” 7pp. NERCRD Fact Sheet (DRAFT) <http://nercrd.psu.edu/Publications/rdppapers/rdp39.pdf>

### Other Scholarly Contributions from The Center

Shrestha, Sundar S., Stephan J. Goetz, and Anil Rupasingha, “Proprietorship Formations and US Job Growth,” forthcoming in *Review of Regional Studies*.

**Abstract:** Despite the surging interest in entrepreneurship as an economic development strategy, studies of the independent relationship between proprietorship formations and job growth are virtually non-existent. We find that self-employment or proprietorship rates are associated with faster job growth in the wage-and-salary sector, and the effect is statistically significant. The relative magnitude of this effect varies with the business cycle, being stronger during economic expansions and weaker during contractions. Further, the effect is stronger in metropolitan than in non-metropolitan counties.

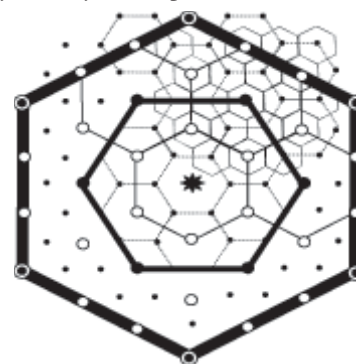
**Keywords:** *employment growth, self employment, spatial spill-over*

Grassmueck, Georg, Stephan J. Goetz and Martin Shields, “Youth Out-Migration from Pennsylvania: The Roles of Government Fragmentation vs. the Beaten Path Effect,” forthcoming, *Journal of Regional Analysis and Policy*.

**Abstract:** The authors of a recent Brookings report argue that Pennsylvania’s lackluster economic performance, including a high rate of loss of young residents, is partly due to fragmented local units of government hindering comprehensive and regional approaches to stimulating economic growth. This assertion is based on casual inference rather than rigorous statistical analysis, however. In the present study we employ a newly-developed measure of state/county government fragmentation in a county-level econometric migration model to test the Brookings assertion formally.

After examining and controlling for the complete set of factors known from previous studies to motivate youth out-migration,

we conclude that government fragmentation acts to keep youth in Pennsylvania rather than drive them out. We conclude that calls for consolidating sub-county government units are premature and offer a number of explanations for our finding along with policy implications.



Goetz, Stephan J. and Anil Rupasingha, “Determinants and Implications of Growth in Non-Farm Proprietorship Densities: 1990-2000,” forthcoming, *Small Business Economics*.

**Abstract:** The number of proprietorships in the US has expanded significantly in past decades, but this expansion has not occurred evenly over space. Regression analysis correcting for spatial autocorrelation reveals that proprietors respond rationally to economic incentives. Parameter estimates for variables measuring collateral, age, ethnic mix, government policy, female labor force participation and natural amenities each have the expected signs. A few options are available to policymakers for influencing growth in self-employment densities over time.

**Key words:** proprietor employment density, spatial effects, county-level

Brasier, K.J., S.J. Goetz, et al. "How Clusters of Agricultural Firms Affect Local Community Sustainability," *Journal of the Community Development Society*, 38, 3 (Fall 2007), pp. 8-22.

Rupasingha, Anil and Stephan J. Goetz, "Social and Political Forces as Determinants of Poverty," *Journal of Socio-Economics*, 36, 4 (Aug. 2007): 650-671.



Goetz, Stephan J., "Spatial Dynamics, Networks and Modelling" by A. Reggiani and P. Nijkamp, eds., Book Review in *Papers in Regional Science*, (2007).

Goetz, Stephan J. and Sundra S. Shrestha, "Explaining Self-Employment Success and Failure: Wal-Mart vs. Starbucks or Schumpeter vs. Putnam," in review.



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Goetz, Stephan J., "The Economic Case for State-Level Land Use Decision-Making," *Journal of Regional Analysis and Policy*, 37, 1 (2007): 20-24.



Goetz, Stephan J., "Grundzüge der Landwirtschaftlichen Marktlehre" (Foundations of Agricultural Markets) by U.

Koester, 3rd ed., Book Review in *European Review of Agricultural Economics*, (2007).

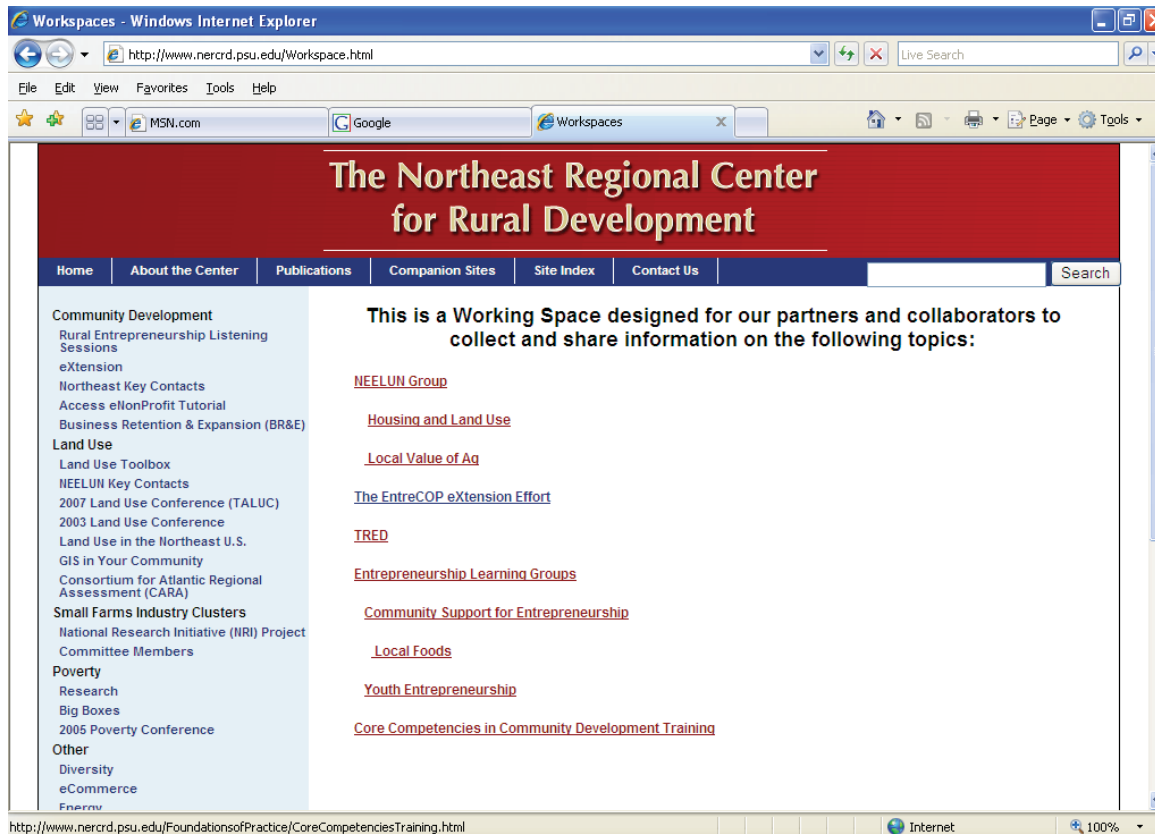
Beaulieu, Lionel and Stephan J. Goetz, "Creative and Entrepreneurial Economies: Are They Achievable in Rural America?" invited chapter in Ron Knutson et al., Ed., book published in honor of Dr. Walt Armbruster (President, Farm Foundation); 2007.



## Working Spaces

<http://nercrd.psu.edu/Workspace.html>

As an important new tool for supporting educators and faculty working on the various projects important to the region we have established working spaces on our web-site to facilitate the sharing of information.



## 5. Meetings Attended: Networking Regionally, Nationally & Presentations

Land Use Research Opportunities Meeting, Cornell University, Ithaca, NY, February 5-6, 2007; also met with Head of Development Sociology Department and Small Farms Institute staff.

Attended Center for Rural PA meeting, Harrisburg, PA, February 12, 2007 (travel paid for by Center).



Attended ESCOP SSSC meeting, Washington, DC, February 23-24, 2007; also met with CS-REES leadership.

Attended PA Womens' Agricultural Network (WAgN) and Pennsylvania Certified Organic Conference, State College, PA, March 2-3, 2007.

Served on discussion panel at the Governor's Outdoors Conference, Penn Stater Conference Center, State College, PA, March 20, 2007; session on re-connecting the public to nature.

Attended Harvard University/Kennedy School of Government, Taubman Center and Kauffman Foundation meeting on the role of State and Local

Government in stimulating entrepreneurship, Boston, MA, March 23-24, 2007 (travel paid for by Harvard Univ.)



Presented at Penn State, March 27, 2007, Workforce and Economic Development student group; presentation on self-employment (College of Education).





Attended NACDEP national conference, Philadelphia, PA, April 16-19, 2007; sponsored Northeast Regional session with approximately 35 individuals in attendance.



Met with Tuscarora Organic Growers, Hustontown, PA, April 30, 2007 board of directors meeting, to review research findings (travel supported by SFIC grant).

Attended Workforce Development Meeting, College of Education, State College, PA, May 1, 2007.

Attended PSU College of Agricultural Sciences, Extension Meeting on rural workforce development and entrepreneurship opportunities, State College, PA, May 2, 2007.

Participated in Small Farm Clusters Grant Project Team Meeting, Ithaca, NY, May 14-16, 2007 (travel supported by SFIC grant).

Made presentation on Penn State College of Agricultural Sciences entrepreneurial programs to several Pennsylvania Federal legislative staffers, State College, PA, May 31, 2007.

Attended the Center for Rural Pennsylvania Board Meeting, Harrisburg, PA, June 4, 2007 (travel supported by Center).

Presented at Community Development Society Annual Conference, Appleton, WI, June 19-21, 2007, on Targeted Regional Development (with Steven Deller).

Participated in The First National Rural Assembly, Chantilly, VA, June 25-27, 2007 (travel supported in part by Kellogg Foundation.).



Attended NE Joint Summer Meeting, Providence, RI, July 8-10, 2007; presented Center update.



Met with John Hall, Chesapeake Fields Small Farms Project, Chestertown, MD, July 17-18, 2007 and advisory board members to discuss research findings.

Meeting with Conrad Vispo, Hawthorne Valley Farm Project, Columbia County, NY, July 19-20, 2007; David Kay, Cornell Univ., CARDI also attended.

Invited panel presentation at ASA Annual Meeting, New York City, August 14, 2007 on community-level impacts of Big-box stores.

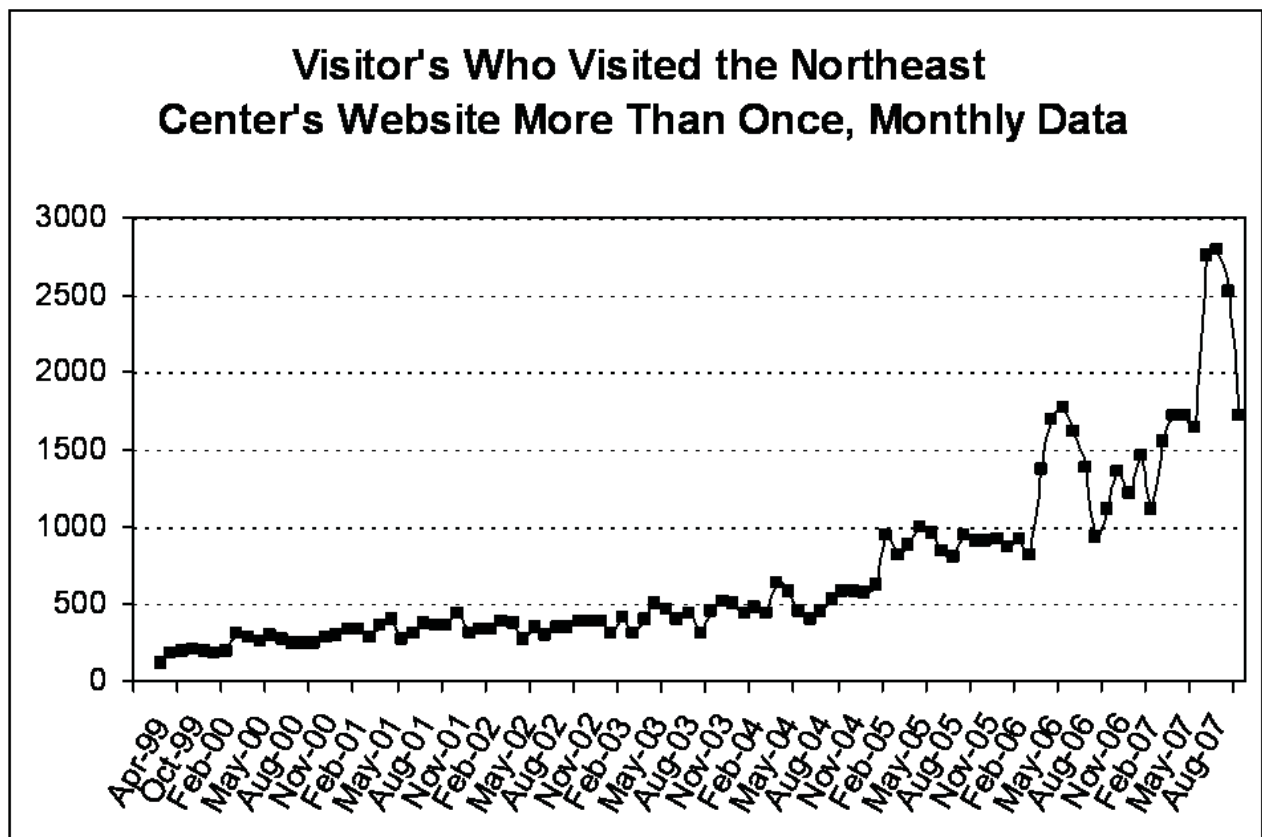


Presented at 2007 ESS/SAES/ARD Workshop, Philadelphia, PA, September 18, 2007 on Small Farms and Agricultural Industry Clusters (travel supported in part by ESCOP).

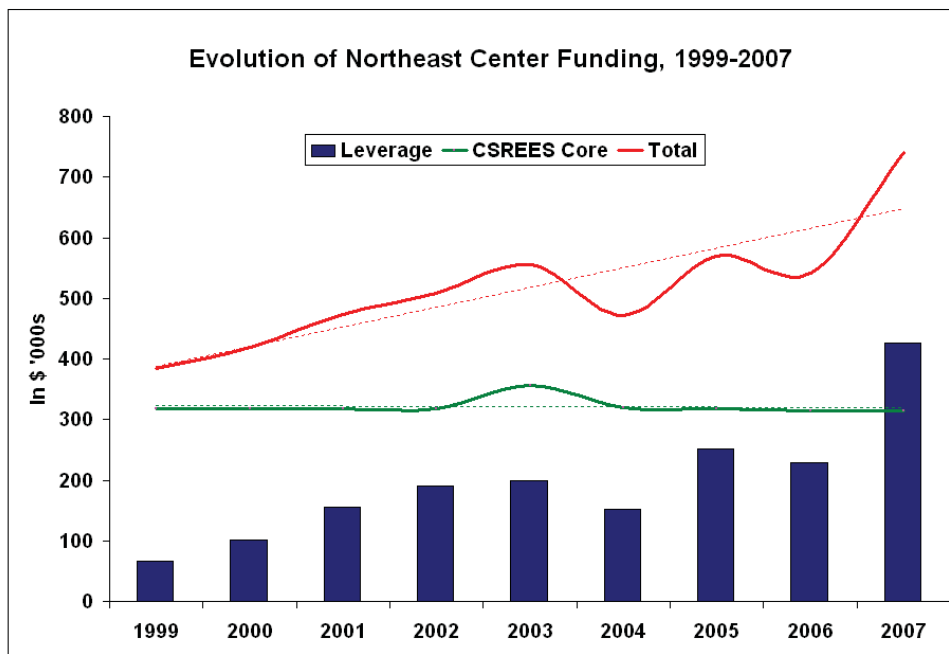
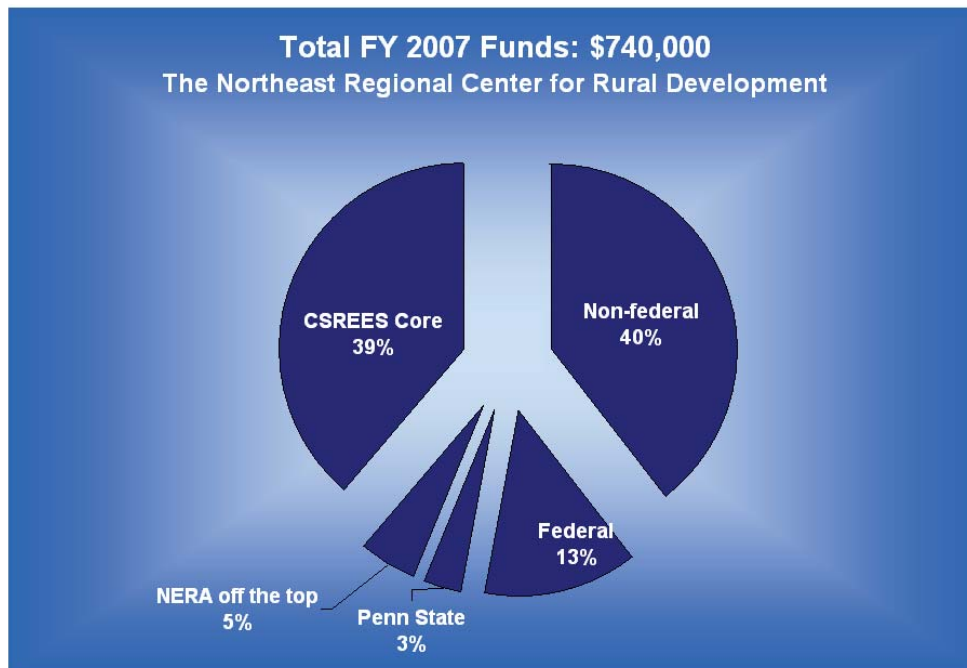
Organized and co-sponsored Transatlantic Land Use Conference, Washington, DC, September 24-26, 2007, on behalf of NASULGC and ICA; also met with National Science Foundation program directors and NASA representatives to discuss land use issues and opportunities (with Dr. F. Hunt, NPL Natural Resources, USDA-CSREES).



## 6. Graph and Trend Analysis of Web-Site Statistics for the Center



# 7. Funding Charts



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