

# RMJ

---

Rural Minnesota Journal

January 2006

*Spatially Separated Neighborhoods  
& Ruralplexes*

Dr. Tom Stinson

State Economist

Dr. R. Thomas Gillaspay

State Demographer



CENTER for  
RURAL POLICY  
and DEVELOPMENT

*Seeking solutions for Greater Minnesota's future*

**Center for Rural Policy & Development  
Board of Directors**

Dan Reardon  
*Board Chair*  
*Otto Bremer Foundation*

James Hoolihan  
*Blandin Foundation*

Colleen Landkamer  
*Vice Chair*  
*Blue Earth County Commissioner*

Cynthia Johnson  
*Farmers' Union*

Robert Bunger  
*Secretary/Treasurer*  
*HBH Associates*

Kevin Kelleher  
*Houston County Commissioner*

Rep. Tony Cornish  
*Minn. House of Representatives*

Sandy Layman  
*Iron Range Resources*

Richard Davenport  
*Minnesota State University,*  
*Mankato*

John MacFarlane  
*Otter Tail Power Company*

Garfield Eckberg  
*Farm Bureau*

Lois Mack  
*Waterville, Minn.*

Neil Eckles  
*Blue Earth Valley Communications*

Allen Olson  
*Eden Prairie, Minn.*

Louis Hohlfeld  
*McKnight Foundation*

Sherry Ristau  
*Southwest Minnesota Foundation*

Sen. LeRoy Stumpf  
*Minn. State Senate*

© 2006 Center for Rural Policy and Development

The Center for Rural Policy and Development, based in St. Peter, Minn., is a private, not-for-profit policy research organization dedicated to benefiting Minnesota by providing its policy makers with an unbiased evaluation of issues from a rural perspective.

**Center for Rural Policy and Development**  
600 S. Fifth Street, Suite 211 • Saint Peter, Minnesota 56082  
(507) 934-7700 • (877) RURALMN

RMJ can be found on the web at:  
[www.ruralmn.org](http://www.ruralmn.org)

## **Spatially Separated Neighborhoods and Ruralplexes *or Rural Minnesota is not Lake Wobegon!***

**Thomas F. Stinson & R. Thomas Gillaspay**

---

Garrison Keillor's Lake Wobegon is a national treasure. It brings back memories of a less harried time, describing an idyllic situation somehow bypassed by many of the problems facing today's rural and urban communities. The images Keillor paints ring especially true for many Minnesotans whether or not we now live in small towns since his stories capture selective memories from our youth. Reflecting on those times and the role of the small town serves a useful purpose, drawing us closer together by reminding us of our common roots.

Unfortunately, Lake Wobegon provides a poor starting point for attempts to develop an action plan for dealing with rural development needs. Nor are those images helpful in looking toward the future of local economies outside the metropolitan area. Keillor's model is simply too ideal, too vague, and too dated to provide useful policy guidance. Indeed, by helping in a small way to perpetuate the belief that the goal for rural Minnesota should be a return to a network of independent, self-sufficient small-town economies (something that may never have existed), the Lake Wobegon syndrome may be delaying the changes in public attitudes necessary for the quality of life in smaller cities to keep pace with that in the metropolitan areas. Paving the way for each of Minnesota's 823 cities with fewer than 25,000 residents to become a Lake Wobegon economy is not an appropriate goal for state economic development efforts, and it never was.

Rural development policy must recognize that the economic role played by localities is continually evolving and changing. For those living outside the metropolitan areas, during the past few decades those changes have been most noticeable in the 646 communities with populations less than 2,500. But the same forces have been at work in all of Minnesota's cities, even its very largest. The buying patterns of today's consumers are driven by concerns about price

and selection, and we all are much more willing to shop in regional centers or neighboring communities than were our parents.

The result has been that some local retail outlets grew unprofitable, and they closed. To some a loss of Main Street commercial activity is a sign that the community is dying. That concern is universal and occurs whether the community is a small town in southwest Minnesota or the center of commercial activity in a neighborhood in Minneapolis or St. Paul. But those concerns overlook the fact that what really defines a community is its people, not the amount of business activity that goes on within a locality's borders. The closing of a local grocery store does not mean that all homes in town will soon be boarded up. It is only a signal that the community's future role in the regional economy is being redefined.

Those concerned about the future of smaller towns in non-metro Minnesota need to shift their thinking away from the self-contained, economically self-sufficient image implied by the stories of Lake Wobegon to a model more in tune with today's realities. Small towns in Minnesota do not exist in a vacuum: they are part of a vital, interactive, symbiotic, regional network, and our attention should be focused on nourishing and positioning that regional network for success in the future.

## **Rural Communities Are Spatially Separated Neighborhoods**

A more productive way of thinking about today's rural communities is to think of them as spatially separated neighborhoods. An advantage to using that approach is that it quickly highlights the fact that the key attribute of a community is its people, not the number of shops within its boundaries. It also highlights the fact that community linkages to the larger economy are most important when looking toward the future. Students of urban economics will also note that many of the same market forces are at work reshaping the urban economy.

The neighborhood model builds on the observation that Americans' strong preference for single-family detached housing and our willingness to trade travel time for lower housing costs has made the local housing stock and housing prices key equilibrating forces in the non-metro economy. Those forces, coupled with a good local road network and the relatively low out-of-pocket costs of driving an additional mile or taking another trip, have dramatically changed the role of what geographers call the lower order central places. Low transportation costs and greater mobility have allowed rural residents to raise their standard of living by providing them access

to a wider range of goods and services at lower prices. Those same forces have afforded individuals a greater range of employment opportunities.

When we think of rural communities as spatially separated neighborhoods and not as independent economic entities it becomes apparent that a community's future does not depend solely on the number of new jobs available within its boundaries. Instead, job opportunities available within commuting distance are the true keys to the future. It also makes clear that changes in the demographic and economic characteristics of the region, not just those within a particular locality will be the determinants of how the quality of life in the community changes over time.

Similarly, the neighborhood model makes it clear that our goal for today's rural communities should not be to offer locally the same set of goods and services as were available in the 1950s or 1960s. Just as in the metropolitan area, today's rural consumers, motivated by concerns about price and selection, are much more willing to shop in neighboring communities or regional centers than were their parents.

When rural communities are thought of as spatially separated neighborhoods, a community's future depends on the success of the regional economy in which it is located, not its relative success compared to its neighbors. The spatially separated neighborhood model highlights the interdependency of all communities in a region and the need for increased cooperation among those communities. It explains a lot, including the increasing interconnectedness that we are observing in rural Minnesota's communities.

### **The network of related spatially separated neighborhoods is contained within a ruralplex**

Other important questions remain, though. The most crucial is if rural communities should be thought of as spatially separated neighborhoods, what is the larger community? Or more fundamentally, what are rural communities neighborhoods of?

There is also the question of what defines the limit of the local network of communities. Is there one single large network of rural localities in Minnesota? That does not seem reasonable given the substantial distances between the northern and southern corners of the state. This is an important question since if Minnesota contains several large networks and if there are differences in their characteristics, public policy initiatives may be more successful when tailored to fit the conditions in the particular group of communities under consideration. Programs appropriate for one corner of the state may not be as useful in another.

Once it is acknowledged that there is likely to be more than one network of non-metro communities, further questions arise. How many of these networks are there? And how should they be defined? To answer those questions we need to identify the shared demographic, economic, cultural and environmental conditions that create bonds between the communities or neighborhoods. It also becomes important to determine the strength of those bonds, and whether those bonds are likely to change sufficiently in the future to change the boundaries of the larger community. Population growth and commuting patterns determine the bonds to the metropolitan center. But what determines whether a particular community is linked to one or another regional cluster of communities?

Those questions are not easy to answer. Even in metropolitan areas where the orientation and ordering of places is clearer, there are ambiguities. Large cities have neighborhoods, but there are also suburbs, which can be interpreted as another set of neighborhoods linked to the central city. And then within a suburb there can again be neighborhoods. But, those ambiguities are less of a barrier to our understanding of the role of localities in an urban region because that network of communities is centered around a large population mass and that population mass provides all the associated localities with an identity.

Outside the metropolitan area, defining the boundaries of the network of localities is more difficult. Typically there is no large population mass at the center, and the distances between communities within the network are such that ties are weaker and less apparent. People do live in one town, work in another, send their children to school in another, and shop in several others, but there is no identifiable population center that provides the set of neighborhoods with a distinct identity the way the Twin Cities, Rochester, St. Cloud, and Duluth do for those living in and around those communities.

Despite the difficulties, however, recognizing the existence of these networks of rural communities and the internal bonds they have is important. It provides a structure for organizing information about the performance of Minnesota's rural areas. It also provides a framework for thinking about the current and future roles of rural communities in the state. And, it provides guidance for policy initiatives designed to enhance the quality of life for Minnesotans living outside the metropolitan area. Rural Minnesota is not homogeneous, and while it has many common issues and concerns, policy makers need to recognize that there are different forces at work in various regions of the state. The larger networks

of associated communities within which the spatially separated neighborhoods exist are also useful for identifying emerging trends in key social and economic variables that will affect the collective future of localities in that portion of the state.

### **Soil type, geology, climate and settlement patterns help define each ruralplex**

Our attempt to place some bounds on the number and composition of these networks of localities in Minnesota begins by noting that the ease of transportation and communication available today dictates that the networks extend beyond the boundaries of counties. When Minnesota was settled, the county may well have been the boundary of the economy affected by a group of localities, but improvements in transportation and communication have greatly expanded those boundaries, so we believe the relevant networks are multi-county groupings.<sup>1</sup> We also recognize that there are already numerous regional groupings of counties in the state done to simplify administration of particular activities. It is likely that these regions serve the particular function they were designed for well, and we do not advocate collapsing all of the various regional groupings in the state into one all encompassing set of multi-county regions.

The linkages among communities we seek to emphasize are those based on commonalities that have been long enduring. In trying to set boundaries for the networks, we looked for similarities in the physical characteristics such as soil types, geology, and climate conditions, since those factors would help determine the types of economic activity that would be most successful in the region. They also would help determine the settlement patterns and ethnic origins of the settlers who first inhabited the area.

Minnesota's physical geography is unusual in that it has produced three very distinct agricultural regions in the state. Agriculture in southwest Minnesota has long been dominated by the production of corn, hogs, and soybeans. In northwest Minnesota small grain production is the largest source of farm income, and in central and southeastern Minnesota the dairy industry is most important. The economies and settlement patterns that emerged from the different agricultural production opportunities available are all noticeably different from each other. Northeastern Minnesota, where the mining and timber industries provided the economic incentive for settlement, has also evolved in a pattern quite different from the regions of the state where agriculture is important. We also observe that in the last two decades the lakes area of north

central Minnesota has created an identity separate from the others, a combination of recreation and retirement activity that has not been observed elsewhere in the state.

Because the data necessary for analyzing trends and patterns of growth important for planning purposes is organized on a county basis, we have chosen to have the boundaries of our networks follow county lines. This immediately creates a problem since communities in counties near the border of two adjoining networks are likely to interact with each other more than they do with localities in counties on the opposite side of the network to which we have assigned them. In Minnesota there are no geographic barriers to create hard and clear lines among networks of localities, so we are left with “fuzzy” boundaries, and those fuzzy boundaries will leave some ambiguities. Despite that concern, however, we believe it is useful to identify the primary network to which we believe each county is bonded.

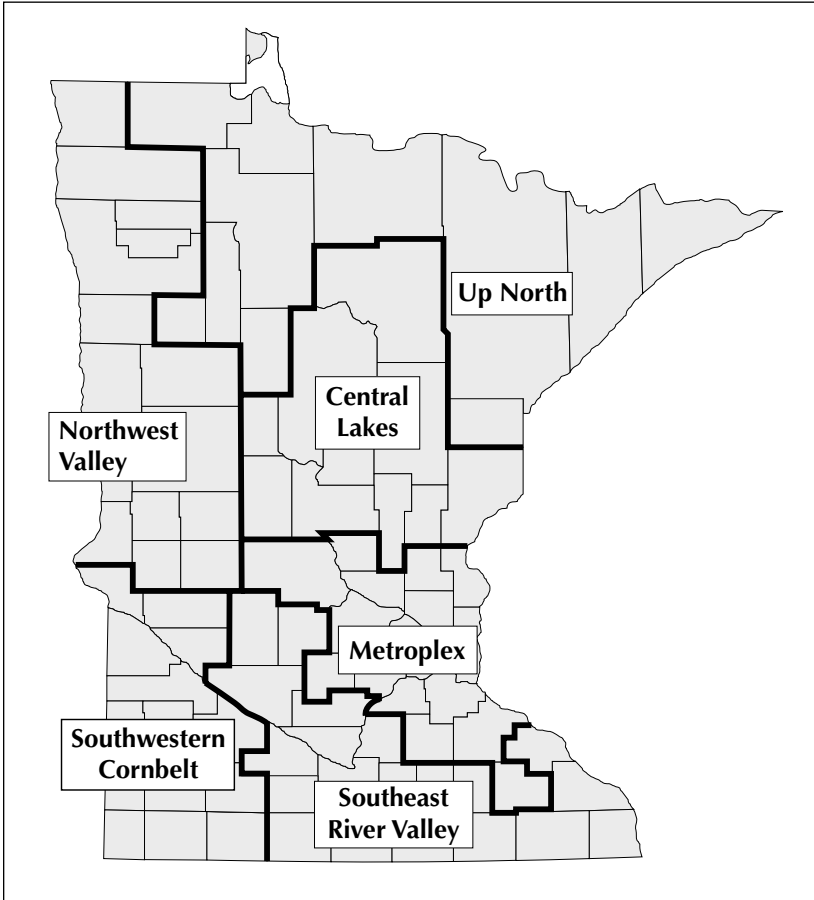
## **Minnesota Contains Five Ruralplexes – and One Metroplex**

Based on those criteria we have divided Minnesota into six separate networks of spatially separated neighborhoods. We choose to use the term “ruralplex” to identify the five larger networks of spatially separated neighborhoods located outside the Twin Cities, and to call the Twin Cities metropolitan area the “metroplex.” The term “ruralplex” was originally used by former Wisconsin Governor Lee S. Dreyfus to describe the central Wisconsin communities of Stevens Point, Wausau, Wisconsin Rapids and Marshfield, communities which had strong linkages and which he felt had great potential for economic development, cultural growth and quality of life.<sup>2</sup>

A map showing the outlines of the five ruralplexes we have identified — Up North, Southeast River Valley, Southwest Cornbelt, Northwest Valley, and Central Lakes — is shown at right. Those definitions are used in our separate papers on demographics and economic changes in rural Minnesota, which follow.

Outside forces, economics, and demographics all affect Minnesota’s rural communities. But those outside forces will not all affect each community or the separate ruralplexes in the same way. Changes in the value of the dollar, for example, will have different impacts in different regions of the state because the products produced in those areas differ. The ruralplexes are the largest sub-regions of the state, and while they have internal differences, there are more similarities within each ruralplex than outside those boundaries. And, the ruralplexes share more similarities with each

other than with the metroplex. Finally, the large forces of global competition, demographic change, and technology are always changing the ruralplexes, and the boundaries are evolving slowly over time.



## Endnotes

<sup>1</sup> But use of multi-county groupings does not mean that government services should be delivered by a multi-county regional government. The county may well span the appropriate area for service delivery for services currently provided by counties.

<sup>2</sup> The term metroplex has been often used to describe the Dallas-Fort Worth metropolitan area.

**THOMAS F. STINSON** is an associate professor in the University of Minnesota's Department of Applied Economics. Since 1987 he has also served as Minnesota's state economist, supervising preparation of the state's revenue forecast and providing analyses of state economic issues.



Stinson conducted research on rural development topics as an economist for the U.S. Department of Agriculture before assuming his current position. A native of Washington State, he received a bachelor's degree in political science from Washington State University, and a Ph.D. in economics from the University of Minnesota. Stinson is a past president of the Minnesota Economic Association.



**TOM GILLASPY** has served as the Minnesota State Demographer since 1979. During that time, he has been involved with a wide-ranging set of issues, applying an understanding of demographic trends in such areas as the state's economy, health care for an aging population, education, higher education, welfare reform, rural population change, labor shortages, immigration, housing, government spending, and the aging state workforce.

Before moving to Minnesota, Tom held the position of demographer at the Andrus Gerontology Center, University of Southern California. He received his Ph.D. in economics from Pennsylvania State University, specializing in economic demography. He also holds a master's degree in agricultural economics. Born and raised in Texas, he received his undergraduate degree in economics from the University of Texas at Austin.