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Sheila Foster

Clayton P. Gillette

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## **Can Micropolitan Areas Bridge the Urban/Rural Divide?**

**Sheila R. Foster\* & Clayton P. Gillette\*\***

*(24 Theoretical Inquiries in the Law, forthcoming)*

There exists a well-known and significant divide between urban and rural areas in the United States. The divide has been documented along multiple dimensions. According to a 2018 Pew Research poll, urban areas have five times the percentage of immigrants,<sup>1</sup> almost twice the number of college graduates,<sup>2</sup> and a bit less than half the white population of rural counties.<sup>3</sup> Economically, urban residents have about 50 percent more income than residents of rural counties.<sup>4</sup> Social attitudes vary widely between urban and rural residents. In the Pew Research poll, sixty-one percent of urban county residents favored broad abortion rights compared to 36 percent of rural county residents.<sup>5</sup> These variations in social attitudes translate into political differences. In 2017, 62% of urban county residents identified as Democrats, while 54% of rural county residents identified as Republicans.<sup>6</sup> In the 2018 congressional elections, Democrats received 67.3 percent of the vote in counties that included a city of 1 million or more, but only 32.5 percent of the vote in counties that were not adjacent to a metropolitan area and contained no town with a population in excess of 10,000.<sup>7</sup> The political divide appears to be increasing.<sup>8</sup> In 2020, approximately two-thirds of voters who self-

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\* Scott K. Ginsburg Professor of Urban Law and Policy, Professor of Public Policy, Georgetown University. Thanks to participants in the Theoretical Inquiries in Law International Conference on Regionalisms, and especially to Nestor Davidson and Ravit Havanel. Thanks also to Alec Monnie, Georgetown MPP Candidate, for his excellent empirical research and analysis.

\*\* Max E. Greenberg Professor of Contract Law, NYU School of Law.

<sup>1</sup> Kim Parker et al., What Unites and Divides Urban, Suburban, and Rural Communities, Pew Research Center 25(2018).

<sup>2</sup> *Id.* at 26.

<sup>3</sup> *Id.* at 24.

<sup>4</sup> *Id.* at 28.

<sup>5</sup> *Id.* at 30.

<sup>6</sup> *Id.* at 29.

<sup>7</sup> Kenneth M. Johnson & Dante J. Scala, *The Rural-Urban Continuum of Polarization: Understanding the Geography of the 2018 Midterms*, 18 FORUM 607, 615 (2021).

<sup>8</sup> See, e.g., James G. Gimpel, Nathan Lovin, Bryant Moy & Andrew Reeves, *The Urban-Rural Gulf in American Political Behavior*, 42 POL. BEHAV. 1343 (2020); Dante J. Scala, Kenneth M. Johnson, & Luke T. Rogers, *Red Rural, Blue Rural?: Presidential Voting Patterns in a Changing Rural America*, 48 POL. GEOGRAPHY 108 (2015).

identified as rural voted for Trump, while only one-third of voters who identified as urban did.<sup>9</sup>

Moreover, differences in demographics, social attitudes, and political leanings translate into animosity towards those with other characteristics. Sixty-three percent of urban residents believed that non-urban residents had a “very negative” or “somewhat negative” view of urban dwellers.<sup>10</sup> Fifty-seven percent of rural dwellers believed that non-rural residents had a “very negative” or “somewhat negative” view of rural dwellers.<sup>11</sup> The urban/rural divide, therefore, is not simply an issue of economic inequity, though it is certainly that. It also reflects extensive political polarization. For both reasons, the divide is typically seen as a detrimental characteristic of our national identity and capacity for both economic development and civil political discourse.

In this Article we explore a subset of the urban/rural divide and propose a mechanism for reducing its economic and political effects within that limited realm. Most scholars and pundits who address the divide discuss it in binary terms.<sup>12</sup> These commentaries adopt federal agency definitions of rural communities in terms of what they are not. The U.S. Census Bureau defines “rural” as territory and population outside of urbanized areas and urban clusters.<sup>13</sup> The Office of Management and Budget (OMB) proclaims that rural counties comprise all counties that are outside of a Metropolitan Statistical Area (MSA). These definitions, frequently incorporated into the literature on the divide between the poles,<sup>14</sup> conflate rural areas that have very different characteristics along the same dimensions on which the allegations of an urban/rural divide rest. In reality, however, rural areas are diverse in a variety of ways, including politically, economically, socially, and racially. These variations have implications for how we think about the urban/rural divide and how we craft legal and policy interventions to reduce its consequences.

We focus on that subset of rural areas that lie within what the Office of Management and Budget defines as micropolitan areas. Micropolitan areas are subsets of core based statistical areas (CBSA), which themselves are areas containing a large population nucleus, or urban area, and adjacent communities that

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<sup>9</sup> Suzanne Mettler & Trevor Brown, *The Growing Rural-Urban Divide and Democratic Vulnerability*, 699 ANNALS AM. ACAD. POL. & SOC. SCI. 130, 131 (2022).

<sup>10</sup> Parker et al., *supra* note 1, at 38.

<sup>11</sup> *Id.*

<sup>12</sup> As an exception insofar as they speak of a continuum, see Johnson & Scala, *supra* note 7.

<sup>13</sup> Michael Ratcliffe, Charlynn Burd, Kelly Holder, & Alison Fields, *Defining Rural at the U.S. Census Bureau: American Community Survey and Geography Brief*, U.S. CENSUS BUREAU (2016) [https://www2.census.gov/geo/pdfs/reference/ua/Defining\\_Rural.pdf](https://www2.census.gov/geo/pdfs/reference/ua/Defining_Rural.pdf).

<sup>14</sup> See, e.g., Rick Su, *Democracy in Rural America*, 98 N.C. L. REV. 837, 841 (2020).

are highly integrated with that nucleus.<sup>15</sup> If the largest urban area, or principal city, within the CBSA has a population of 50,000 or more, then the area is classified as a metropolitan statistical area. If the largest urban area within the CBSA has a population between 10,000 and 50,000, the area is classified as a micropolitan statistical area.<sup>16</sup> Rural jurisdictions within micropolitan areas, therefore, tend to have at least geographical affinity with urban areas. But they also have some economic affinity. Data suggest that rural areas within micropolitan regions do better economically than rural areas unconnected to urban areas, though not as well as the principal city within the micropolitan area. If the objective is to reduce the economic, and perhaps the political divide of urban and rural areas, then micropolitan areas may represent low-hanging fruit for redress.

There are over 550 micropolitan areas in the United States, situated in each region of the country. They are as diverse as their metropolitan counterparts in terms of their economic, demographic, and cultural characteristics. Some micropolitan areas are major tourist and recreational attractions, while others focus on manufacturing or a particular industry. Some have universities, knowledge economies, and attract highly educated professionals. Some are close to major cities and metropolitan areas, while others are far away. Every region of the country has a thriving micropolitan area, each thriving in different ways. A few examples illustrate this diversity.

Pecos, Texas is cited as one of the most successful micropolitan areas in the country.<sup>17</sup> Pecos has 12,600 residents, a figure that has grown by nearly 4,000 since 2010, while its surrounding county (Reeves) has roughly 14,500.<sup>18</sup> Pecos employment benefits from proximity to a basin from which shale oil has been extracted, using hydraulic fracturing. Since the early 2010s the region has experienced increased job growth, average annual pay, and the share that relatively young firms represent of total employment.<sup>19</sup> Northeast of Pecos is another successful micropolitan area consisting of Findlay, Ohio, with a stable population

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<sup>15</sup> *2020 Standards for Delineating Core Based Statistical Areas*, 86 FED. REG. 37,770 (Jul. 16, 2021) <https://www.federalregister.gov/documents/2021/07/16/2021-15159/2020-standards-for-delineating-core-based-statistical-areas>.

<sup>16</sup> *Id.* at § E.6.

<sup>17</sup> Ross DeVol & Jonas Crews, *Most Dynamic Micropolitans*, Walton Family Foundation 7 (2019).

<sup>18</sup> U.S. CENSUS BUREAU, *State and County Quick Facts, Reeves County, Texas*, <https://www.census.gov/quickfacts/fact/table/reevescountytexas,pecoscitytexas/PST045221> (last accessed Sept. 11, 2022).

<sup>19</sup> See DeVol & Crews, *supra* note 17, at 16.

of about 40,000, within Hancock County which has roughly 75,000 people.<sup>20</sup> The Findlay area has become a “top expansion site” for warehousing, distribution, logistics and transportation services.<sup>21</sup> The area is home to the University of Findlay, which specializes in attracting students with associate degrees interested in pursuing technical careers relevant to the local economy.<sup>22</sup>

Calhoun, Georgia is one of the few highly prosperous micropolitan areas in the southeast. Located within Gordon County, Calhoun is home to about 17,000 of Gordon’s 58,000 residents.<sup>23</sup> Both the city and the county have increased in population since 2010. The area has a thriving flooring industry and is home to two of the largest flooring providers in the world.<sup>24</sup> That reputation has led to additional investments in the flooring industry and has led to great wage growth in the community. Its focus on a single industry, however, has placed it at risk when economic downturns reduce housing construction.<sup>25</sup>

Bozeman, Montana and Heber, Utah differ from the above areas in their avenues to success. Bozeman is a relatively large micropolitan area, with a population of about 50,000 within the surrounding Gallatin County of approximately 122,000.<sup>26</sup> Both population figures are up significantly since 2010. Tourism is a major driver of Bozeman’s economic success due to its proximity to Yellowstone National Park and the fact that it is home to a large ski resort. Bozeman is also the seat of Montana State University, which supports its clusters of firms in the photonic/optic industry, biotechnology, and software and information processing.<sup>27</sup> Similarly, Heber, Utah attracts significant tourism with recreation amenities, but also benefits from its proximity to the Provo/Orem and Salt Lake City metropolitan areas.<sup>28</sup> That proximity has allowed it to attract professionals working in those metropolitan areas.<sup>29</sup> Heber has more than 17,000

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<sup>20</sup> U.S. CENSUS BUREAU, *State and County Quick Facts, Hancock County, Ohio*, <https://www.census.gov/quickfacts/fact/table/hancockcountyohio,findlaycityohio/PST045221> (last accessed Sept. 11, 2022).

<sup>21</sup> DeVol & Crews, *supra* note 17, at 27.

<sup>22</sup> *Id.* at 28.

<sup>23</sup> U.S. CENSUS BUREAU, *State and County Quick Facts, Gordon County, Georgia*, <https://www.census.gov/quickfacts/fact/table/gordoncountygeorgia,calhouncitygeorgia/PST045221> (last accessed Sept. 11, 2022).

<sup>24</sup> DeVol & Crews, *supra* note 17, at 41.

<sup>25</sup> *Id.*

<sup>26</sup> U.S. CENSUS BUREAU, *State and County Quick Facts, Gallatin County, Montana*, <https://www.census.gov/quickfacts/fact/table/gallatincountymontana,bozemancitymontana/PST045221> (last accessed Sept. 11, 2022).

<sup>27</sup> DeVol & Crews, *supra* note 17, at 32.

<sup>28</sup> DeVol & Crews, *supra* note 17, at 22.

<sup>29</sup> *Id.*

residents and the surrounding Wasatch County has more than 36,000.<sup>30</sup> The area's population doubled between 2000 and 2017, and has absorbed nearby Summit County.<sup>31</sup> The Heber micropolitan area, including both counties, now totals around 80,000 residents.<sup>32</sup>

Much of the literature on regional and urban economics focuses on metropolitan areas as integrated economic units traversing multiple municipalities.<sup>33</sup> That literature suggests that economic fortunes of localities in a region – urban, suburban, and exurban – tend to rise and fall together.<sup>34</sup> Interdependence follows from the enhanced productivity that arises when collocation among firms and among employees facilitates sharing inputs, matching employer needs and employee skills, and developing knowledge spillovers through fortuitous but low-cost interactions.<sup>35</sup> Those characteristics of agglomeration – increasing benefits to scale – are representative of dense, populous cities and metropolitan areas. Indeed, city productivity scales with size, so that increasing the size of the urban population generates a proportionally greater number of jobs, patents, and high wages.<sup>36</sup>

The benefits of scaling suggest that productivity would increase if we fostered a few megacities rather than many medium to large cities.<sup>37</sup> But even if that is correct as a matter of economic theory, many people are averse to living

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<sup>30</sup> U.S. CENSUS BUREAU, *State and County Quick Facts, Wasatch County, Utah*, <https://www.census.gov/quickfacts/fact/table/wasatchcountyutah,hebercityutah/PST045221> (last accessed Sept. 11, 2022).

<sup>31</sup> Devol & Crews, *supra* note 17, at 22.

<sup>32</sup> See Heber, *Micropolitan Statistical Area in USA*, CITY POPULATION (last accessed Sept. 11, 2022). [https://www.citypopulation.de/en/usa/metro/25720\\_heber/](https://www.citypopulation.de/en/usa/metro/25720_heber/).

<sup>33</sup> See Paul Mackun & Steven Wilson, U.S. Census Bureau, Population Distribution and Change: 2000 To 2010, 4 (2011), available at <https://www.census.gov/library/publications/2011/dec/c2010br-01.html>.

<sup>34</sup> See Richard Briffault, The Local Government Boundary Problem in Metropolitan Areas, 48 *Stan. L. Rev.* 1115, 1138-39 (1996); Clayton P. Gillette, *The Conditions of Interlocal Cooperation*, 21 *J.L. & POL.* 365, 369-70 (2005); Paul D. Gottlieb, *The Effects of Poverty on Metropolitan Area Economic Performance: A Policy-Oriented Policy Review*, in *URBAN-SUBURBAN INTERDEPENDENCIES* 21, 25-29 (Rosalind Greenstein & Wim Wiewel eds., 2000); Richard Schragger, *Consuming Government*, 101 *MICH. L. REV.* 1824, 1830-31 (2003).

<sup>35</sup> Gerald Carlino & William R. Kerr, *Agglomeration and Innovation*, in 5 *HANDBOOK OF REGIONAL AND URBAN ECONOMICS* 349 (Gilles Duranton, J. Vernon Henderson & William C. Strange eds., 2015)

<sup>36</sup> See GEOFFREY WEST, *SCALE* 275-78 (2017).

<sup>37</sup> David Albouy, Kristian Behrens, Frédéric Robert-Nicoud & Nathan Seegert, *The Optimal Distribution of Population Across Cities*, 110 *J. URB. ECON.* 102 (2019).

within a dense megacity.<sup>38</sup> After all, the disamenities of density – congestion, crime, disease, pollution – scale with size just as the benefits of density do. Some individuals prefer to combine the benefits of agglomeration with the amenities of the non-urban by residing outside the city, but working within. Other individuals with the training and skills that support high salaries prefer to live in mid-sized cities that offer a lower wage premium, but also offer a high level of desirable amenities.<sup>39</sup> Since potential employees either cannot or do not desire to reside within large cities, the amenities of non-urban areas explain why some regions grow and others remain stagnant or decline.<sup>40</sup> Just as successful metropolitan areas attract new residents and workers who want to capitalize on the geographical concentration of others,<sup>41</sup> so, too, may residents of micropolitan regions prefer collocation with others who can increase human capital. But if smaller cities cannot readily contain all the firms and individuals who would contribute to that increase, then growth of principal cities within micropolitan areas would likely depend on the ability of those cities to confer economic benefits in their adjacent rural jurisdictions.

Our bolder claim is that interactions between the urban and rural parts of micropolitan areas could also address the political aspects of urban-rural divide. Those interactions occur in multiple venues. The need for firms in smaller principal cities to attract employees from beyond the urban workforce facilitates the kinds of social contact that at least some theory suggests is effective in dissipating political polarization. Second, regional cooperation in the forms of interlocal subsidies or joint action may be necessary to realize regional growth, and fostering cooperation between rural and urban communities also creates the interactions that could neutralize our current degree of polarization.

In developing this argument, we proceed along the following lines. The next Section provides some data and narratives to illustrate the salience of urban and rural proximity, specifically in the context of micropolitan areas. We explain why micropolitan areas are an important window into understanding the relationship urban and rural economies. In Section III, we infer from the data and narratives what characteristics of micropolitan areas are likely to generate

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<sup>38</sup> See, e.g., Vicki Been, *Comment on Professor Jerry Frug's The Geography of Community*, 48 STAN. L. REV. 1109, 1109-10 (1996).

<sup>39</sup> See Nathan Arnosti & Amy Liu, *Why Rural America Needs Cities*, BROOKINGS INST. (Nov. 30, 2018). See, e.g., Isabelle Bousquette, *Chattanooga Finds Fresh Identity as a Tech, VC Hub*, WALL ST. J. (May 27, 2022) <https://www.wsj.com/articles/chattanooga-finds-fresh-identity-as-a-tech-vc-hub-11653645602?page=1>.

<sup>40</sup> See Edward L. Glaeser & Joshua D. Gottlieb, *Urban Resurgence and the Consumer City*, 43 URB. STUD. 1275 (2006).

<sup>41</sup> See, e.g., Edward L. Glaeser, *Are Cities Dying?*, 12 J. ECON. PERSPS. 139, 148 (1998); Edward L. Glaeser, *Learning in Cities*, 46 J. URB. ECON. 254 (1999).

economic success, and recommend policies that would capture those benefits. We note that some of these policies entail enhancing the economic position of the principal city, and speculate that the interdependence of urban and rural jurisdictions in micropolitan areas may, under some circumstances, justify principal city subsidization of rural communities. Section IV suggests that increased opportunities for economic interaction between city and non-urban residents that result from city cooperation with non-urban neighbors may (and we underscore the uncertainty) simultaneously reduce political polarization. Section V explores obstacles to realizing the kinds of interlocal cooperation that we believe is necessary to reduce the economic and political divide within micropolitan areas. We conclude with suggestions for a research agenda to remedy the underdeveloped study of micropolitan areas.

## II. Urban-Rural Proximity and Micropolitan Regions

Despite the long-held conventional wisdom that urban and rural economies are on diverging trajectories, recent research provides a more nuanced picture. Not all cities and metropolitan area are thriving and not all rural areas are losing jobs and population.<sup>42</sup> Instead, there is a great deal of diversity in the growth rates of urban and rural areas. Census data reveal that both major metro areas (those with populations exceeding 1 million) and rural areas have seen slower population growth over the last decade, with some notable exceptions among large cities and some micropolitan areas.<sup>43</sup> More specifically, rural growth is evident just beyond the periphery of some large urban areas in the Northeast.<sup>44</sup> The data on small and intermediate urban areas in close proximity to rural communities, in particular, suggest an urban-rural interdependence that is supported by agglomeration economies and economies of scale in the provision and use of regional services and amenities.

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<sup>42</sup> Richard Florida, *Some Rural Counties Are Seeing a Job Boom, Too: Economic Growth Is a Mixed Bag in Urban and Rural Counties, Large and Small*, BLOOMBERG CITYLAB, (Sept. 25, 2018) <https://www.bloomberg.com/news/articles/2018-09-25/rural-counties-are-seeing-a-job-boom-too> (reporting on job growth between 2001 and 2016).

<sup>43</sup> William Frey, *A 2020 Census Portrait of America's Largest Metro Areas: Population Growth, Diversity, Segregation, and Youth* 1-31, UNLV BROOKINGS MOUNTAIN WEST (Apr. 21, 2022), [https://www.brookings.edu/wp-content/uploads/2022/05/A-2020-Census-Portrait-of-America\\_s-Largest-Metro-Areas\\_Populati.pdf](https://www.brookings.edu/wp-content/uploads/2022/05/A-2020-Census-Portrait-of-America_s-Largest-Metro-Areas_Populati.pdf); Kenneth Johnson, *Rural America Lost Population Over the Past Decade for the First Time in History*, UNH CAREY SCH. PUB. POL'Y (Feb. 2022) <https://carsey.unh.edu/publication-rural-america-lost-population-over-past-decade-for-first-time-in-history>.

<sup>44</sup> *Id.*



### A. Positive Spillovers from Proximity

Urban and rural fortunes are more interdependent and connected than conventional wisdom suggests. Early evidence based on the 2000-2010 census noted that many of the fastest growing micropolitan areas — rural communities with small urban centers — were located near fast-growing metropolitan areas.<sup>45</sup> Conversely, many of the micropolitan areas that were slow-growing or in decline were located near slow-growing or declining major metropolitan areas.<sup>46</sup> One indication that adjacent rural counties take advantage of strong urban economies is reflected in evidence that a higher percentage of workers in growing rural counties commute to nearby metropolitan or micropolitan areas.<sup>47</sup> A recent Brookings study finds that rural counties adjacent to metropolitan areas suffered fewer job losses between 2008 and 2017 than did non-adjacent rural counties, suggesting that proximity to cities provides an economic buffer for nearby rural areas.<sup>48</sup> More specifically, micropolitan areas rebounded to near-pre-recession employment levels, performing even better than rural counties adjacent to metropolitan areas.<sup>49</sup>

There are several ways that urban centers might generate positive spillovers for proximate rural communities.<sup>50</sup> Our analysis of micropolitan areas in one region of the country, the Southeast, suggests that rural counties located close to small urban centers typically have better housing values and infrastructure (specifically broadband) than rural counties not located in micropolitan areas. Houses in rural southeastern counties that are not within a micropolitan area are far lower than the average of their respective states (see Table 1).

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<sup>45</sup> Mackun & Wilson, *supra* note 33, at 4 (2011).

<sup>46</sup> *Id.* at 5

<sup>47</sup> See e.g. Amy Liu & Nathan Arnosti, The Best Way to Rejuvenate Rural America? Invest in Cities, NY Times, April 13, 2019 <https://www.nytimes.com/2019/04/23/opinion/rural-america-cities.html>

<sup>48</sup> Arnosti & Liu, *supra* note 39.

<sup>49</sup> Liu & Arnosti, *supra* note 47.

<sup>50</sup> Arnosti & Liu, *supra* note 39

**Table 1: Housing Values in County in Same State**

State	Single-Family Home Value in Counties without Micropolitan Metropolitan Areas	Home or Only	Single-Family Home Value in Counties with Micropolitan Area Only	Overall Single-Family Home Value
Alabama	\$95,689.35		\$118,524.13	\$132,847.48
Arkansas	\$88,913.15		\$97,578.42	\$105,259.68
Florida	\$151,783.19		\$252,404.43 <sup>51</sup>	\$262,161.19
Georgia	\$132,178.79		\$124,616.07	\$164,594.40
Louisiana	\$95,595.50		\$137,704.00	\$150,935.60
Mississippi	\$103,491.75		\$121,346.55 <sup>52</sup>	\$121,296.75
North Carolina	\$149,930.28		\$189,767.32	\$203,294.95
South Carolina	\$96,756.64		\$142,460.50	\$171,260.90
Tennessee	\$126,523.47		\$168,157.29	\$175,999.61

Source: Zillow (2021), United States Census Bureau (2019), United States Census Bureau (2020)

Rural counties in the southeast without a micropolitan area significantly underperform indicators of economic success relative to the national average (see Table 2). These counties are exceedingly poor, with some more than double the country's average poverty rate.<sup>53</sup> The quality of online infrastructure in southeastern counties that do not have a micropolitan area is abysmal. In many of these counties, nearly forty percent of residents cannot access broadband internet, more than double the percent of people that do not have access to broadband in the country (see Table 2).

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<sup>51</sup> Distorted by Monroe County, which has a single-family home value of \$798,000. Excluding that county, the average price of a single-family home in rural Florida counties with a micropolitan area is \$161,423.

<sup>52</sup> 7 out of 27 counties of interest lacked housing data.

<sup>53</sup> Counties that are impoverished are very likely to have relatively large Black populations.

**Table 2: Average Single-Family Home Values, Broadband Access, Poverty Rate, and Black Percent of Population in Counties without Micropolitan or Metropolitan Areas**

State	Single-Family Home Value	% Population with Broadband	Poverty Rate (%)	Black % of Population
Alabama	\$95,689.35	61.99%	21.67%	33.35%
Arkansas	\$88,913.15	63.97%	19.96%	14.54%
Florida	\$151,783.19	69.46%	19.86%	16.82%
Georgia	\$132,178.79	63.39%	23.16%	29.33%
Louisiana	\$95,595.50	59.17%	26.63%	32.39%
Mississippi	\$103,491.75	60.49%	24.89%	42.09%
North Carolina	\$149,930.28	67.84%	18.99%	21.83%
South Carolina	\$96,756.64	62.05%	23.36%	48.42%
Tennessee	\$126,523.47	67.33%	19.82%	5.17%
<i>National Average</i>	<i>\$205,782.93</i>	<i>82.70%</i>	<i>13.40%</i>	<i>12.40%</i>

In rural counties without a micropolitan area, a one percent increase in the impoverished population decreases single-family home values by \$4,560 (see Regression 1). A one percent increase in the population that can access broadband increases home values by nearly \$3,200. There is a strong relationship between the percentage of a county that is Black and the percentage that is impoverished, so a one percent increase in the Black population is associated with a \$1,200 reduction in home values. The home values in rural counties that are not located in a micropolitan area are substantially lower than rural counties that have micropolitan areas.

**Regression 1: Determinants of Housing Value in Rural Communities without Micropolitan Areas**

	(1)	(2)	(3)
VARIABLES	houseprice	houseprice	houseprice
Black	-1,201*** (154.9)		
Poverty rate		-4,560*** (585.5)	
Broadband			3,178*** (360.3)
Constant	146,342*** (4,787)	215,713*** (12,932)	-86,432*** (23,355)
Observations	229	229	229
R-squared	0.209	0.211	0.255

Standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Although proximity of rural counties to urban centers suggests positive spillover effects, those effects have limits. Rural southern counties within a micropolitan area fare slightly better than their more isolated counterparts, but still underperform in terms of economic wellbeing relative to their states and the national average. Counties with micropolitan areas in the southeast, on average, have poverty rates that exceed the national average (see Table 3). Access to online infrastructure is substandard in these counties but is superior to those of counties without micropolitan areas. Primarily because of these improved conditions, home values in these counties are higher than those of counties lacking micropolitan areas, though they are still lower than values in non-rural parts of their states. Nevertheless, more isolated rural counties are worse off than either urban centers or rural counties located in close proximity to those centers.

**Table 3: Single-Family Home Values, Broadband Access, Poverty Rate, and Black Percent of Population in Counties with Micropolitan Area**

State	Single-Family Home Value	% Population with Broadband	Poverty Rate (%)	Black % of Population
Alabama	\$118,524.13	71.35%	20.06%	24.03%
Arkansas	\$97,578.42	68.06%	19.66%	17.29%
Florida	\$252,404.43 <sup>54</sup>	68.46%	21.07%	11.26%
Georgia	\$124,616.07	68.06%	21.85%	27.51%
Louisiana	\$137,704.00	68.01%	23.96%	29.27%
Mississippi	\$121,346.55	68.46%	22.84%	35.61%
North Carolina	\$189,767.32	72.15%	18.62%	20.09%
South Carolina	\$142,460.50 <sup>55</sup>	68.5%	20.6%	31.92%
Tennessee	\$168,157.29	71.44%	17.31%	6.28%
<i>National Average</i>	<i>\$205,782.93</i>	<i>82.70%</i>	<i>13.40%</i>	<i>12.40%</i>

#### B. Measuring Economic Strength in Micropolitan Regions

The above statistics are too general to extract any causal factors that might be driving the differences in outcomes between rural counties in micropolitan versus non-metropolitan regions. Nor do they give us a picture of the diversity of micropolitan area economies and which factors contribute to positives spillovers across urban and rural boundaries within those areas. Ross DeVol, formerly of the Walton Family Foundation and currently of Heartland Forward,<sup>56</sup> has done some of the most extensive research on micropolitan areas, highlighting their success and ranking them according to performance-based metrics.<sup>57</sup> Focusing first on micropolitan areas in the American “heartland” DeVol found that although that region has experienced weaker growth than the East and West coasts since 2009, several micropolitan areas outperform the nation and most micropolitan areas on the Coasts.<sup>58</sup>

<sup>54</sup> Median is \$165,067. Value is distorted by a county whose single-family home value is \$798,000.

<sup>55</sup> Median is \$117,854. Distorted by an outlying county whose single-family home value is \$327,000.

<sup>56</sup> See Team - Ross Devol, HEARTLAND FORWARD (last accessed Sept. 11, 2022), <https://heartlandforward.org/team/ross-devol/>.

<sup>57</sup> Ross DeVol & Shelly J. Wisecarver, *Micropolitan Success Stories From the Heartland*, WALTON FAM. FOUND. (2018); DeVol & Crews, *supra* note 17.

<sup>58</sup> *Id.* at 5.

In DeVol's analysis, five characteristics set economically successful micropolitan areas in the heartland apart from their less successful counterparts. They include: the presence of universities and research institutions; community colleges and workforce development; support and capital for entrepreneurs; strategic economic development planning; manufacturing and foreign direct investment; growth in technology, scientific and other professional services; and cultural, recreational and lifestyle amenities. In a later study, DeVol and his colleagues rated the performance of micropolitan areas across the country and ranked the most "dynamic" of them.<sup>59</sup> Among the top 5 micropolitan areas from the latest DeVol report are those discussed earlier: Pecos, Texas; Findlay, Ohio; Calhoun, Georgia; Heber, Utah; and Bozeman, Montana. Findlay, Ohio was the only top-10 ranked micropolitan area in the heartland under DeVol's metrics, and is, notably, the only manufacturing-dependent micropolitan in that group. Other top-20 micropolitan areas that were similarly dependent on manufacturing included Calhoun (Georgia), discussed previously, and Lewisburg, Tennessee which takes advantage of its location between Nashville (Tennessee) and Huntsville (Alabama).

Micropolitan areas mostly reliant on single source economies such as agriculture and oil exploration that are vulnerable to negative economic shocks if there is decline in their core industry or impacts from society-wide events such as COVID. DeVol reports that Uvalde, Texas had survived the loss of a clothing manufacturer by diversifying into industries such as fracking and big-game hunting.<sup>60</sup> But the viability of fracking, which accounts for Uvalde's dramatic job growth between 2011 and 2016 depends on the boom/bust cycle of oil prices, so that some leveling or even declines in job growth could threaten Uvalde's economic ascendance.

DeVol's methodology is not the only one that could be used to evaluate growth in micropolitan areas. DeVol focused on performance-based metrics such as job growth, wage and income gains and the proportion of total jobs at young firms.<sup>61</sup> Other methodologies generate very different rankings. Policomm Corporation's rankings of economic strength in metropolitan and micropolitan areas, for example, are based on annual changes in a variety of factors that reflect economic strength and economic weakness.<sup>62</sup> These include earnings within the industrial, commercial, construction, and non-farming sectors, and (as a negative)

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<sup>59</sup> *Id.* at 6.

<sup>60</sup> *Id.* at 32.

<sup>61</sup> *Id.* at 14.

<sup>62</sup> Policomm Corporation, 2022 Metropolitan Micropolitan Economic Strength Rankings, available at <https://policom.com/wp-content/uploads/2022-POLICOM-Economic-Strength-Rankings.pdf>.

redistributive transfer payments and subsidies.<sup>63</sup> These different methodologies generate very different rankings. For example, Pecos, Texas, the most dynamic micropolitan area by DeVol's methodology, places between 172 and 312 of 543 micropolitan areas according to Policomm's rankings.<sup>64</sup>

### C. Regional Amenities and Micropolitan Growth

Differences in methodology do not belie the importance of specific elements that tend to enhance the economic success of micropolitan areas, even if they are imperfect predictors of short-term success. A majority of the most dynamic areas, DeVol's report found, were driven by some combination of tourism, recreation and the presence of arts, cultural, recreational and lifestyle amenities.<sup>65</sup> These amenities seem important to attracting the talent base that attracts firms.

The role of amenities is a striking factor in understanding the growth and success of some micropolitan areas. An important strain of the literature on urban agglomeration economies has been to highlight the link between amenities and the growth of cities and metropolitan regions.<sup>66</sup> Edward Glaeser's work, in particular, has focused on the existence of consumption amenities—theaters, museums, restaurants, etc.—in resurgent metropolitan areas that had attracted large numbers of high-income and high-skilled individuals relative to cities or regions that had either stable or declining populations.<sup>67</sup> For example, investing in regional amenities became a crucial part of the strategy of Pittsburgh, which halted what might have been an inevitable decline after the steel industry collapse in the 1980s, by investing in regional scale arts institutions and sports venues and transforming its old industrial area into an entertainment and shopping destination.<sup>68</sup>

Similarly, as mentioned, cultural, recreational, and lifestyle amenities seem to be important to micropolitan areas for the same reasons they are important to thriving metropolitan regions.<sup>69</sup> Given the relationship between amenities and

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<sup>63</sup> Id. at 4-7.

<sup>64</sup> See DeVol & Crews, *supra* note 17, at 6; Policomm, *supra* note 62, at 16.

<sup>65</sup> Another study found that amenity-rich areas also tend to vote evenly divided between Republicans and Democrats. Jessica D. Ulrich-Schad & Cynthia M. Duncan, *People and Places Left Behind: Work, Culture and Politics in the Rural United States*, 45 J. PEASANT STUD. 59, 61-62, 70 (2018).

<sup>66</sup> Terry Nichols Clark et al., *Amenities Drive Urban Growth*, 24 J. URB. AFF. 493 (2002); Jordan Rappaport, *Consumption Amenities and City Population Density*, 38 REG'L SCI. & URB. ECON. 553 (2008).

<sup>67</sup> Edward Glaeser et al., *The Consumer City*, 1 J. ECON. GEOGRAPHY 27, 33-34 (2001).

<sup>68</sup> Scott Andes, Mitch Horowitz, Ryan Helwig, and Bruce Katz, *Capturing the Next Economy: Pittsburgh's Rise as a Global Innovation Center*, BROOKINGS INST., September 2017 at 21.

<sup>69</sup> DeVol & Crews, *supra* note 17, at 10.

growth, it is no surprise that a diverse range of cities –such as Oklahoma City, Oklahoma; Camden, New Jersey; and San Antonio, Texas —“have leveraged public and private investments in leisure spaces and beautification to spur demographic change and economic development.”<sup>70</sup>

The downside of an amenities-based approach to regional development involves the congestion costs that accompany very high amenity areas. Higher housing prices are likely to result in areas with supply inelastic housing markets, which could create issues of affordability for less wealthy rural residents.<sup>71</sup> Investing in lifestyle and consumption amenities to attract the high-skilled populations, and the companies expected to follow them, presumes a strong job multiplier effect for non-skilled populations. To the extent that this strong multiplier effect requires a cluster of high-tech companies, the risks of such a strategy might outweigh the benefits. On the other hand, the strong positive relationships between urban growth and the presence of amenities does not seem to depend on the attraction of a particular type of firm and may still catalyze agglomeration economies through the attraction of new migrants, including remote workers. Those migrants could result in a multiplier effect by spurring the creation of a robust service economy and job growth for lesser skilled workers.

#### D. Interregional Migration Dynamics

Micropolitan areas will likely be important to interregional migration in a post-COVID world. While historically most migration in the United State is intraregional, with the majority of moves occurring within the same county or state, a significant portion of the population moves between regions.<sup>72</sup> As the DeVol reports underscore, regional competition for domestic migrants likely depends on the presence of regional amenities, the clustering of industry and research or knowledge institutions, and other attractive aspects of a dynamic regional ecosystem. One might object that agglomeration benefits are too limited in geographical scope to be relevant regionwide. After all, Rosenthal and Strange conclude that spillover effects shrink by roughly half after five miles, and the effects are notably smaller even after one mile.<sup>73</sup> But even if those effects constrict the incentives for firms to locate anywhere within a region, the same does not

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<sup>70</sup> Gerald A. Carlino & Albert Saiz, *Beautiful City: Leisure Amenities and Urban Growth*, 59 J. REG'L SCI. 369 (2019).

<sup>71</sup> *Id.*

<sup>72</sup> Nestor M. Davidson & Sheila R. Foster, *The Mobility Case for Regionalism*, 47 U.C. DAVIS L. REV. 70 (2013).

<sup>73</sup> See, e.g., Stuart S. Rosenthal and William C. Strange, *How Close Is Close? The Spatial Reach of Agglomeration Economies*, 34 J. ECON. PERSPS., no. 1, 27, 39 (2020).



necessarily hold true for those firms' employees, and the investment of those employees' income in their local communities can have positive effects for individual regional communities. Moreover, mobile employees in one jurisdiction within a region can still take advantage of amenities situated in other jurisdictions within the same region. As a result, at least individual location decisions are likely to be the result of the aggregation of regional characteristics, and not just those of any given constituent part of the region.<sup>74</sup>

While regional amenities and assets can be a pull factor for migration between regions, it is also becoming clear that the COVID pandemic was a push factor. According to a recent Brookings analysis, during the first year of the pandemic, the nation's 56 major metropolitan areas experienced a significant out-migration and an "absolute decline" in their size while smaller metropolitan areas experienced higher population growth than the previous two years.<sup>75</sup> Non-metro areas experienced the greatest annual population gain in more than a decade representing a significant population shift to smaller-sized places at least during 2020-2021.<sup>76</sup>

Whether these patterns hold as we emerge from the pandemic is an open question.<sup>77</sup> If they do, rural areas within commuting distance to major cities and metropolitan areas, including by plane, should benefit economically. A 2018 Headwaters Economics study of western states found that "connected" rural counties – those within a one-hour drive of major airports with daily passenger services to larger labor markets in metro counties– frequently outperform "isolated" rural counties.<sup>78</sup> Connected counties more closely resembled metropolitan counties, with high growth rates, a greater proportion of the population under 21, an educated workforce, and employment in services and the professional sector, as well as manufacturing.<sup>79</sup> Isolated counties, in contrast, had relatively low rates of education, slow growth rates, and the highest percentages of population over 65 and share of income from non-labor sources (e.g., more retirees).

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<sup>74</sup> Davidson & Foster, *supra* note 72, at 86-88.

<sup>75</sup> William H. Frey, *New Census Data Shows a Huge Spike in Movement out of Big Metro Areas During The Pandemic*, BROOKINGS INST. (April 14, 2022), <https://www.brookings.edu/blog/the-avenue/2022/04/14/new-census-data-shows-a-huge-spike-in-movement-out-of-big-metro-areas-during-the-pandemic/>.

<sup>76</sup> *Id.* (coastal areas, industrial Midwest, and parts of the South had losses, while Sun Belt areas had population gains).

<sup>77</sup> See Steven Kurutz, *New Yorkers Who Fled the Virus Are Returning Home, Warily*, N.Y. TIMES, Jan. 1, 2021.

<sup>78</sup> Ray Rasker et al., *The Economic Importance of Air Travel in High-Amenity Rural Areas*, 25 J. RURAL STUD. 343 (2009).

<sup>79</sup> *Id.* at 15-19.

The specter of increased mobility of metropolitan residents to non-metropolitan areas, and specifically to growing or dynamic micropolitan areas, potentially helps to bridge the urban/rural divide through targeted policies and economic investments. Some of these movers are assessing and responding to regional-scale amenities, infrastructure, and public goods – including the regulatory environment and tax burden– that will likely require targeted investments and subsidies to the urban centers and cities most likely to give rise to positive spillovers. Targeted investment and subsidies might also be necessary to foster network externalities in the region, linking cities and towns with rural counties through transportation and telecommunication infrastructures. In the next section, we reflect on some of these policy and investment interventions.

### III. Reducing the Economic Divide

#### A. Aligning Causes and Remedies.

The evidence that rural parts of micropolitan areas do better than their counterparts outside of micropolitan areas does not imply a specific policy intervention. The success of any such intervention depends heavily on its relationship to the cause and character of the economic divide. If regional economic strength is concentrated in the principal city (rather than dispersed across the region) then reducing the divide entails attracting rural residents and entrepreneurs into the principal city so they can participate in the agglomeration benefits to which enhanced urban productivity is attributed. That seems to be reflected in the success of micropolitan areas such as Lewisburg, the success of which appears to be based on its ability to entice manufacturers that can take advantage of the regional workforce. In doing so, Lewisburg markets itself as part of Marshall County and its surrounding counties.<sup>80</sup> In that case, and counterintuitively, it is plausible that the best way to assist rural residents within micropolitan areas as a general matter would be to assist their principal cities, since economic growth within cities would generate spillover benefits in outlying areas.

Relatedly, appropriate interventions will also depend on the specific drivers of the principal city's economy. To the extent that those drivers depend on skill sets that are not shared by rural residents, additional aid to principal cities will not necessarily benefit rural residents. Instead, it will be more useful to provide rural residents with the skill sets that match employer needs within the city and thus generate agglomeration benefits, or to develop entrepreneurial activities within the rural areas to enjoy knowledge spillovers from urban firms. If, for example,

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<sup>80</sup> See LEWISBURG, TENNESSEE GOVERNMENT, <https://lewisburgtn.gov/> (last accessed Sept. 12, 2022).

successful principal city economies rest on attracting firms that depend on information technology, and if rural residents have neither training in nor access to high-quality technology, then they are less likely to be able to participate in the principal city's growth. It is not coincidental that DeVol found that the presence of community colleges and workforce development was correlated with successful micropolitan areas. Of course, if the drivers of rural economic growth include features that are not characteristic of cities, then rural parts of micropolitan areas may develop independently of their cities, and may even confer spillover benefits on those cities. For example, advances in areas that exploit technological advances in hydraulic fracturing, such as Pecos, Texas, may not occupy much space in the downtown areas of the principal city within the region. Nevertheless, rural deployment of that technology could generate rural growth and attract workers from the entire region.

Interventions that fail to address the causes of the urban/rural divide waste the opportunity for small-to medium-sized cities to generate some of the agglomeration benefits associated with large cities and the corresponding conferral of benefits on rural residents in micropolitan areas. Firms within relatively small cities may generate employment opportunities that carry a wage premium and may have employment needs that cannot be satisfied by city residents alone. That scenario produces opportunities for rural residents to earn the wage premium associated with city work and thus raise the economic status of rural areas.

The possibility of such benefits is apparent in research that concludes that micropolitan areas share some of the urban wage premium that exists in metropolitan areas, i.e., that workers in cities, either large or small, earn higher average wages than workers outside those areas.<sup>81</sup> But that same literature indicates that the nature of the firms that locate within the micropolitan area may matter for purposes of rural economic growth. Shutters and Applegate, for example, conclude that the micropolitan wage premium is smaller than that in metropolitan areas, as would be expected if wages scale with city size. But they also find that the wage premium in micropolitan areas is diminishing, and has been for several years. That finding suggests that simply providing jobs in denser parts of micropolitan areas will not necessarily enhance the related rural areas. Instead, enhancing rural wealth may require a more highly tailored approach to urban growth.

Shutters and Applegate suggest, for example, that the diminished wage premium may reflect increased economic complexity that demands more highly skilled, professional workers, a characteristic that large cities can accommodate

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<sup>81</sup> See Shade T. Shutters & J. M. Applegate, The Urban Wage Premium is Disappearing in U.S. Micropolitan Areas, 17 PLOS ONE 0267210 (2022), <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0267210>.

better than micropolitan areas.<sup>82</sup> If a micropolitan area attracts high-wage firms that employ a significant percentage of the area's workforce, then the entire area realizes benefits.<sup>83</sup> Those benefits may reflect the greater educational opportunities in large cities that allow workers to attain and deploy skills in innovative industries that pay better, or the advantages that large cities, and their workers, enjoy from a globalized economy.<sup>84</sup> But other micropolitan areas, Shuttters and Applegate suggest, insufficiently integrate rural residents into the urban economy and thus simply reflect the same economic divide that characterizes the urban/rural divisions that exist outside of micropolitan areas.

#### B. Urban Aid to Rural Residents.

The positive effects of principal city growth on rural neighbors can only be realized if rural residents have physical access to and the skill sets necessary for the relevant jobs. Attracting firms that provide high-wage jobs and exploiting the urban advantage in training and education depend significantly on investments in basic infrastructure such as transportation and communication facilities that allow physical access to jobs and the skills necessary to perform them. Infrastructure enhancements within the city itself may be sufficient if the city desires to attract and employ only residents. But relatively small cities may need to attract firms and to expand the employment base beyond principal city boundaries. If that is the case, then the principal city can benefit from supporting infrastructure enhancements that facilitate commutes to the city for purposes of training, education, or employment. Road improvements and transportation systems (e.g., much maligned, but arguably remediable jitney services) that reduce commuting time from outlying jurisdictions may thus be appropriate expenditures for cities, notwithstanding that the physical improvements they underwrite occur outside city boundaries.

If, however, rural residents neither contribute to nor are necessary for the economic growth of the principal city, then interlocal interventions to address the urban/rural divide may be more complicated. Enhancing rural wealth would then depend on principal city investments that would expand to neighboring areas the technology and training associated with the urban wage premium. Those enhancements would arguably generate benefits both by making technology-based employment in the city more accessible to rural residents, but also by fostering

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<sup>82</sup> *Id.* at 5-6.

<sup>83</sup> Andrew W. Hait, *Change in Micropolitan Area Businesses Varies Widely by Economic Sector*, U.S. CENSUS BUREAU (October 12, 2021), <https://www.census.gov/library/stories/2021/10/number-of-businesses-grow-in-metros-shrink-in-micros.html>.

<sup>84</sup> Shuttters & Applegate, *supra* note 81, at 6-7.

employment opportunities within rural areas. There is some evidence, for example, that broadband availability in rural areas during the pandemic had a positive and significant effect on rural employment.<sup>85</sup> That conclusion is consistent with findings that there is a particularly strong positive relationship between broadband availability and economic growth in low-density areas.<sup>86</sup> The resulting growth could be due to greater availability of high wage urban jobs to rural dwellers who have access to and can obtain training in high-paying jobs. Or it could be that rural dwellers who obtain the relevant technological skills develop rural businesses that create additional employment opportunities for less-skilled rural dwellers. A small rural manufacturing or food provision business that grows with access to technology, for example, still needs truck drivers to deliver its product to its expanded market. Indeed, it is plausible that the relationship between broadband availability and economic growth would be strongest within micropolitan areas. While the availability of broadband has positive effects on new firm location in rural areas generally, that effect is largest in more populated rural areas and in areas that are adjacent to metropolitan areas.<sup>87</sup> Again, since the latter result suggests that the positive effect increases with agglomeration economies, one would anticipate that investments in broadband and other infrastructure would have greater effects in rural areas within micropolitan areas than in more isolate rural areas.

The prospect of such investment implies that principal cities in micropolitan areas should subsidize their outlying rural areas. While the claim for intraregional distribution is by no means novel, redistribution from city to its neighbors may be. When cities were relatively depressed relative to their outlying jurisdictions, it was common in the academic urban literature to ask whether the interdependence of cities and their surrounding areas warranted suburban subsidies of the city economy.<sup>88</sup> As urban life has become more financially secure, perhaps the relevant question is, Should cities help their counties? The initial claims of suburban aid to cities were often based as much on the economic interdependence of localities within a region as on claims of equity.<sup>89</sup> Interdependence meant that redistribution ultimately redounded to the benefit of the paying locality as well as to the recipient. But if that is the case, then micropolitan areas may similarly benefit from redistribution from the principal city outward.

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<sup>85</sup> Catherine Isley and Sarah A. Low, *Broadband Adoption and Availability: Impacts on Rural Employment During COVID-19*, 46 TELECOMM. POL. 1 (2022).

<sup>86</sup> Jed Kolko, *Broadband and Local Growth*, 71 J. URB. ECON. 100 (2012).

<sup>87</sup> Younjun Kim & Peter F. Orazem, *Broadband Internet and New Firm Location Decisions in Rural Areas*, 99 AM. J. AGRIC. ECON. 1 (2017).

<sup>88</sup> See Andrew F. Haughwout & Robert P. Inman, *Should Suburbs Help Their Central City?*, 2002 BROOKINGS-WHARTON PAPERS ON URBAN AFFAIRS 45.

<sup>89</sup> See Clayton P. Gillette, *Regionalization and Interlocal Bargains*, 76 N.Y.U. L. REV. 190, 241-43 (2001).

Return, for example, to the data cited above that suggests proximity to an airport increases the economic performance of a rural county. Infrastructure improvements that connect rural parts of micropolitan areas to denser areas, in short, may permit the former to participate in the agglomeration benefits of the latter. But those benefits begin with the capacity of rural residents to obtain the training necessary to produce the goods and service that can be delivered elsewhere through improved transportation networks. Principal cities and their resident firms, where the training will be utilized, may provide the best source of personnel capable of performing the training necessary for rural resident economic improvements. One could imagine, for example, principal city residents providing both personnel and capital to support technical courses in rural-based community colleges.

The argument for principal city subsidies is complicated by the prospective growth of remote work. If firms are willing to abandon some of the agglomeration benefits associated with office work, then rural areas may gain economic advantage insofar as residents could earn a wage premium associated with urban work (albeit reduced by the potentially lower productivity associated with remote work<sup>90</sup>) without abandoning their preference for the amenities of rural living. Under those circumstances, however, it is more difficult to justify urban subsidies of the necessary rural infrastructure. Funding for rural infrastructure would still be justified at the state or federal level simply as a matter of attaining regional economic growth or as a redistributive matter. But if the principal city within the micropolitan area gains no special benefit from rural improvements, then the argument for interlocal subsidies within the micropolitan area is weaker.

The road to economic improvement of rural areas, therefore, may depend on the kinds and location of jobs the principal city makes available. If, for example, resurgence of the principal city depends on training for manufacturing or commercial enterprises that rural residents already possess or can attain at low cost, then enhancing city growth implies tying rural residents more closely to the principal city. If one considers the micropolitan areas that DeVol studied, for example, creating more significant financial ties among jurisdictions in the Findlay, Ohio area, which depends on manufacturing, or the Heber, Utah area, which depends on tourism, may be more appropriate than in areas that host clusters of professional, scientific and technical services, except to the extent that investments

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<sup>90</sup> See, e.g., Ting Zhang, Dan Gerlowski & Zoltan Acs, *Working From Home: Small Business Performance and the COVID-19 Pandemic*, 58 SMALL BUS. ECON. 611, 626-27 (2022); Natalia Emanuel & Emma Harrington, “Working” Remotely? Selection, Treatment, and the Market Provision of Remote Work (Harvard Dept. of Econ., Working Paper, April 2021), available at <https://scholar.harvard.edu/eharrington/publications/working-remotely-selection-treatment-and-market-provision-remote-work>; Nicholas A. Bloom et al., *Does Working from Home Work? Evidence from a Chinese Experiment*, 130 Q. J. ECON. 165 (2015).

in infrastructure attract workers who can support the retail, hospitality, or supply chain economies on which the principal city's industries rely to attract their own workers.

Again, our claim is not that rural areas should eschew investments in training or infrastructure that the data suggest enhance economic prosperity. The only claim we have made is that the self-interest of the principal city in the micropolitan area should create incentives for interlocal subsidies to achieve those goals where principal city and micropolitan development depends on attracting rural residents into the urban workforce or creating rural jobs that provide positive spillovers to the city.

### C. Can City Subsidies of Rural Areas be Effective?

Local subsidies are frequently seen as inefficient expenditures, at least in the context of localities attempting to attract firms with targeted subsidies. Those efforts often founder on a failure to determine that the specific subsidy is both necessary and effective in attracting a firm and the dubious economic benefits associated with doing so. Instead, cities often appear to bid for firms without much attention to whether attracting the targeted firm will produce tax revenues in excess of the subsidies offered.<sup>91</sup> Much of the literature on local economic development suggests that cities consistently overinvest in targeting specific firms and that targeting fails to correspond to the characteristics on which firms make their locational decisions.<sup>92</sup> Both anecdotal evidence and more methodical studies reveal that cities frequently provide targeted firms with subsidies that are never recovered, that at best fail to increase economic activity, or subsidize the locational decision that would otherwise have been made,<sup>93</sup> and that at worst leave the host with

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<sup>91</sup> See, e.g., David McCabe, *Visions of a U.S. Computer Chip Boom Have Cities Hustling*, N.Y. Times, Nov. 17, 2019. Articles on tax expenditures. Nathan M. Jensen, *Five economic development takeaways from the Amazon HQ2 bids*, Brookings Institution (March 4, 2019), available at <https://www.brookings.edu/research/five-economic-development-takeaways-from-the-amazon-hq2-bids/>.

<sup>92</sup> See, e.g., David McCabe, *Visions of a U.S. Computer Chip Boom Have Cities Hustling*, N.Y. Times, Nov. 17, 2019; Nathan M. Jensen, *Five Economic Development Takeaways From the Amazon HQ2 Bids*, BROOKINGS INST. (Mar. 4, 2019), available at <https://www.brookings.edu/research/five-economic-development-takeaways-from-the-amazon-hq2-bids/>. <https://research.upjohn.org/cgi/viewcontent.cgi?referer=https://scholar.google.com/&httpsredir=1&article=1228&context=reports>.

<sup>93</sup> See, e.g., Cailin Slattery & Owen Zidar, *Evaluating State and Local Business Incentives*, 34 J. ECON. PERSPS. 90 (2020), Timothy Bartik, *"But For" Percentages for Economic Development Incentives: What Percentage Estimates Are Plausible Based on the Research Literature?* (July 31, 2018) <https://ssrn.com/abstract=3227086> or <http://dx.doi.org/10.2139/ssrn.3227086>.

substantial debt overhang that interferes with attracting potentially more productive investments.<sup>94</sup>

In addition, even where municipalities subsidize firms, the spillover effects to the region are debatable. Slattery and Zidar, for example, conclude from a study of state and local business tax incentives that include state corporate taxes, state tax credits, and firm-specific incentives that there is no strong evidence that firm-specific tax incentives increase broader economic growth at the state and local level.<sup>95</sup> Indeed, given the plausible argument that successful local subsidies will cause increases in a region's land, public goods, and commodity prices as a result of increased demand, subsidies may result in negative externalities for other locations.<sup>96</sup>

While we accept the critique of local subsidies to targeted firms, it is less clear that these lessons translate to efforts to subsidize particular projects that would benefit rural areas. Urbanists who oppose targeted subsidies often recommend that cities that seek economic development instead make generalized investments in infrastructure and job training that are amenable to different industries than in attempting to target a particular firm or cluster. The subsidies that we recommend in the form of training, communication, and transportation are more akin to those generalized investments than to investments in attracting targeted firms. Certainly the inevitable politics that will infect any principal city efforts to assist fewer than all of the jurisdictions within the micropolitan area, could interfere with the selection of a project that has the greatest regional benefit as opposed to the project that returns the greatest political return for principal city officials. And it is even plausible that the city subsidizes a project that benefits one jurisdiction within the area, but imposes net costs on another. Thus our hopeful but tentative conclusion, based largely on the self-interest of principal cities in exploiting the economic interdependency of localities within a micropolitan area, is that urban subsidies of infrastructure and job development in rural area have the potential to promote agglomeration benefits for micropolitan regions as a whole.

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<sup>94</sup> See, e.g., LAWRENCE TABAK, *FOXCONNED: IMAGINARY JOBS, BULLDOZED HOMES, AND THE SACKING OF LOCAL GOVERNMENT* (2021); Matt Bai, *Thrown for a Curve in Rhode Island*, N.Y. Times, April 20, 2013, available at <https://www.nytimes.com/2013/04/21/business/curt-schilling-rhode-island-and-the-fall-of-38-studios.html>.

<sup>95</sup> Slattery & Zidar, *supra* note 93.

<sup>96</sup> See Roger H. Gordon, *An Optimal Taxation Approach to Fiscal Federalism*, 98 Q. J. ECON. 567 (1983).



#### IV. Reducing Political Polarization: Social Contact Theory and Its Limits

Our objective to this point has been to explore the means by which micropolitan regions attain economic success. As we indicated at the outset, however, investing in the mechanisms that promote economic growth could generate an additional positive effect by reducing the political polarization that characterizes the urban/rural divide. The basis for that suggestion lies in social contact theory. That theory suggests that physical interactions among otherwise disparate groups reduces animosity and prejudice that otherwise effect relations among those groups.

At least some of the relevant literature finds that the lack of interaction between urban and rural residents accounts for a significant amount of the partisan divide. Gimpel and his co-authors, for example, find that urban/rural political differences remain even after controlling for characteristics related to why people choose urban or rural residence such as education, income, age, or race.<sup>97</sup> They hypothesize that the explanation lies in the social context in which individuals “share their likes and dislikes, values, and beliefs.”<sup>98</sup> That hypothesis transcends explanations that individuals with similar views migrate to the same location and adds a mechanism for explaining similarities in attitudes, i.e., repeat interactions with like-minded individuals who have selected the same place of residence reinforces the beliefs of that group.<sup>99</sup> The hypothesis, therefore, is consistent with findings that geographical context, even at the neighborhood level, has a socializing influence on voters.<sup>100</sup>

But if the absence of interactions between individuals of diverse views explains political polarization, then the presence of interactions may dilute that same divide. The argument that social contact can have positive attitudinal effects and neutralize prejudice dates at least as far back at Gordon Allport’s study of racial prejudice,<sup>101</sup> and has subsequently been used to explain reduction in prejudice beyond characteristics of race and ethnicity, including attitudes towards homosexuals, the disabled and the mentally ill.<sup>102</sup> The mechanism for the

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<sup>97</sup> Gimpel et al., *supra* note 8.

<sup>98</sup> *Id.* at 1364.

<sup>99</sup> See, e.g., Daniel DellaPosta, Yongren Shi, & Michael Macy, *Why Do Liberals Drink Lattes?*, 120 A.J. SOC. 1473 (2015).

<sup>100</sup> Wendy K. Tam Cho, *Residential Concentration, Political Socialization, and Voter Turnout*, 68 J. POL. 156 (2006).

<sup>101</sup> See Gordon Allport, *THE NATURE OF PREJUDICE* (1954); Gordon Allport & B.M. Kramer, *Some Roots of Prejudice*, 22 J. PSYCH. 9 (1946).

<sup>102</sup> See, e.g., Thomas F. Pettigrew et al., *Recent Advances in Intergroup Contact Theory*, 35 INT’L J. INTERCULTURAL REL. 271 (2011); Thomas F. Pettigrew & Linda R. Tropp, *A Meta-Analytic Test of Intergroup Contact Theory*, 90 J. PERSONALITY & SOC. PSYCH. 751 (2006).

phenomenon may be little more than exposing individuals to the other's attitudes, preferences, and reasoning. The result may not be conversion of one group to the other's perspective, but at least appreciation of the reasonableness of each other's position so that different perspectives become alternatives rather than demonized ideological positions.

This is not to say that intergroup contact alone will dilute hostility. Indeed, one could imagine circumstances under which contact could exacerbate hostility, such as where groups occupy different levels of a hierarchical relationship. Allport, for example, suggested that the success of intergroup contact may depend on characteristics such as equal group status within the situation, commonality of goals, cooperation, and external support for the effort.<sup>103</sup> In addition, the optimistic view of intergroup contact may be distorted by the absence of highly prejudiced people who avoid intergroup contact, and the "success" of intergroup contact may be influenced by the processes of interaction.<sup>104</sup> Indeed, several studies have concluded that the optimistic predictions for social contact theory are not warranted given the current state of knowledge.<sup>105</sup>

Nevertheless, we speculate that social contact theory provides some reason for optimism that the polarizing attitudes reflected in the urban/rural divide could dissipate as economic relations between jurisdictions in micropolitan areas advance. But even if social contact dilutes polarization, its effects may be minimal if political attitudes of principal city residents and rural residents within micropolitan areas do not significantly diverge, perhaps because the demographic and ethnic characteristics that correlate with political attitudes are relatively similar for the two groups. In the 2020 presidential election, for example, voters in the Belknap County, New Hampshire micropolitan area cast 54.4% of their votes for Trump and 44% for Biden. In the county's principal city of Laconia, the percentages were nearly identical, 52% for Trump and 46.4% for Biden. The Census Bureau reports that Laconia is 95.5% White, with 90.8% graduates of high school or higher, and a median household income of \$55,814. Grafton County is similarly 96.3% White, 92.8% rate of high school or greater education, though a median household income of \$67,328. The city/rural political divide appears to have been virtually non-existent. Indianola, Mississippi, a majority Black city within majority Black Sunflower County, similarly cast votes in percentages that

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<sup>103</sup> See, e.g., Thomas F. Pettigrew, *Intergroup Contact Theory*, 49 ANN. REV. PSYCH. 65 (1998).

<sup>104</sup> *Id.*

<sup>105</sup> See, e.g., W. S. Ford, *Favorable Intergroup Contact May Not Reduce Prejudice: Inconclusive Journal Evidence, 1960–1984*, 70 SOCIO. & SOC. RSCH., 256–58 (1986).

revealed little difference in the political preferences of city and county residents.<sup>106</sup>

Other micropolitan areas, however, do appear to exhibit polarization. Pullman, Washington, for example cast 23.6 % of its votes for Trump in the 2020 election, while Whitman County, in which the city sits, cast 42.9% of its votes for Trump. Pullman is 74.8% White and 12.2% Asian. Median household income is \$32,073 and 96.9% of residents 25 years of age or older have at least high school degrees. Whitman County as a whole comprises a population that is 83.8% White and 8.4% Asian, with a median household income of \$42,288 and 95.6% of the population 25 years of age or older have at least high school degrees. Voters in Lebanon, New Hampshire cast 24.6 % of its votes for Trump while surrounding Grafton County voters cast 36.9% of its votes for Trump. If social contact is effective in reducing political polarization, there appear to be a substantial number of micropolitan areas in which its benefits could be realized.

Even if social contact does not reduce political polarization, it may be relevant to our concern about economic polarization. In an important recent study, Raj Chetty and his colleagues performed a massive study on 21 billion Facebook friendships to evaluate the relationship between the scope of social networks and upward mobility.<sup>107</sup> They find that children in counties with greater economic connectedness, defined as having a relatively high share of upper-income friends among lower-income people, enjoy higher levels of upward income mobility. Economic connectedness appears to be significant in promoting upward income mobility while other measures of social capital or civic engagement do not.<sup>108</sup> While increasing connectedness between urban and micropolitan areas does not translate into sharing the same neighborhood, the resulting exposure between urban and rural residents could still generate the social connections that Chetty and his colleagues find conducive to greater economic success. Indeed, promoting workplace connections between urban and micropolitan residents may produce even more significant levels of upward income mobility, since the study finds that “friending bias” – the tendency to create friendships with people of one’s own class – is less prevalent in workplaces than in other social settings.<sup>109</sup>

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<sup>106</sup> Trump received 23.8% of votes in Indianola and 28.9% of votes in the county.

<sup>107</sup> Raj Chetty et al., *Social Capital II: Determinants of Economic Connectedness*, 608 NATURE 1 (2022).

<sup>108</sup> Id. at 5-7.

<sup>109</sup> Id. at 1.

## V. Obstacles to Intraregional Redistribution

Our argument to this point has been that rural counties within micropolitan areas are better off economically than their counterparts outside of metropolitan or micropolitan areas. We have also noted that the relationship between the principal city within a micropolitan area and its rural neighbors is interdependent. That relationship presents a puzzle: if relatively well-off cities can benefit from expanding economic opportunity to qualified nonresidents, why don't self-interested cities invest more frequently in the infrastructure and programs that would subsidize rural neighbors? As an empirical matter, it may be that some such investments do occur, and it would be valuable to determine whether those micropolitan areas that are most successful experience subsidies of the type we recommend. We have not made that inquiry, but speculate that across micropolitan areas generally, a suboptimal amount of subsidy (perhaps approaching zero) occurs. In this section, we posit three explanations for the absence of redistributive investments from principal cities to rural neighbors. The first involves transactions costs, the costs of identifying a city's "fair share" of intraregional investments and of bargaining about the allocation of that share among multiple affected jurisdictions. The second involves the reluctance of members of the subsidizing jurisdiction to redistribute to groups with which they feel limited affinity. The third involves legal default rules that frequently frustrate interlocal cooperation.

Consider first the transactions costs involved in making intraregional transfers. A principal city within a micropolitan area that desires to enhance opportunities for rural neighbors must first determine how much to invest, a calculation that is likely related to the marginal benefits that the city is likely to obtain from redistributive expenditures. That exercise requires determining the costs that commuters impose on the central city and comparing those costs to the benefits that the same commuters confer on the city. Such calculations are fraught with difficulties over what counts as a cost and a benefit, as well as the value to affix to each.<sup>110</sup> Even a city that calculates an appropriate subsidy must then decide how to allocate that subsidy within the region and deal with the risk that investment renders the city vulnerable to opportunistic behavior by the recipient localities.<sup>111</sup>

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<sup>110</sup> See, e.g., Howard Chernick and Olesya Tkacheva, *The Commuter Tax and the Fiscal Cost of Commuters to New York City*, 25 STATE TAX NOTES 451 (2002); Martin Shields and David Shidler, *Do Commuters Free-Ride? Estimating the Impacts of Interjurisdictional Commuting on Local Public Goods Expenditures*, 33 J. REG'L ANALYSIS & POL. 27,40-41 (2003); Brett W. Hawkins and Douglas M. Ihrke, *Reexamining the Suburban Exploitation Thesis in American Metropolitan Areas*, 29 PUBLIUS 109, 110 (1999).

<sup>111</sup> Manoj K. Shrestha & Richard C. Feiock, *Transaction Cost, Exchange Embeddedness, and Interlocal Cooperation in Local Public Goods Supply*, 64 POL. RES. Q. 573 (2011); Christopher V. Hawkins, *Competition and Cooperation: Local Government Joint Ventures for Economic Development*, 32 J. URB. AFF. 25, 255 (2010).

If the rural area comprises multiple smaller jurisdictions (towns, villages), then city efforts to locate the optimal partner for investments in infrastructure such as training facilities, roads, or broadband are likely to involve costly multi-party bargaining, replete with local disputes about the desirability of any particular area being selected, or not, as the situs of proposed improvements. Additionally, once subsidies are granted, the principal city will likely desire to ensure that expenditures are dedicated to activities likely to generate the spillovers that motivated the city subsidy in the first instance and that the rural jurisdiction would not otherwise fund on its own. Attempting to identify the appropriate expenditures and then to monitor their use may prove too costly and uncertain to justify the subsidy in the first instance.<sup>112</sup>

The need to allocate and to monitor subsidies reveals a second obstacle to intraregional subsidies – the very socio-economic heterogeneity of urban areas and their rural neighbors that drives the divide. There is a significant literature that suggests the willingness of individuals to redistribute wealth varies with the affinity that payors feel to payees. Alesina, Glaeser, and Sacerdote suggest that racial discrimination and negative attitudes towards the poor partially explain lower levels of redistribution in the United States than in European countries.<sup>113</sup> Other studies by Alesina reinforce these unhappy conclusions. Alesina and La Ferrara found that participation in community or government groups declined with ethnic or economic heterogeneity.<sup>114</sup> And Alesina, Baqir, and Easterly show that expenditures on local public goods such as education, trash pickup, roads, and sewers are lower in racially diverse communities.<sup>115</sup> These effects are also reflected in annexation rates. Clingermeyer and Feiock, for example, found some, but limited evidence that annexation efforts are less successful when the effect would be to increase the minority population of the annexing city.<sup>116</sup> They also conclude that substantial poverty rates in either the annexing or annexed area reduced the rate of annexation success.<sup>117</sup> And there is significant evidence of the phenomenon of municipal “underbounding,” or the exclusion of Black or poor communities from areas proposed for annexation.<sup>118</sup> As Alesina and Giuliano unhappily conclude: “A large

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<sup>112</sup> See Clayton P. Gillette, *The Conditions of Interlocal Cooperation*, 21 J.L. & POL. 365, 377-79 (2005).

<sup>113</sup> Alberto Alesina et al., *Why Doesn't the United States Have a European-Style Welfare State?*, 2 BROOKINGS PAPERS ON ECON. ACTIVITY 187 (2001).

<sup>114</sup> Alberto Alesina & Eliana La Ferrara, *Participation in Heterogeneous Communities*, 115 Q.J. ECON. 847 (2000).

<sup>115</sup> Alberto Alesina, et al., *Public Goods and Ethnic Divisions*, 114 Q.J. ECON. 1243 (1999).

<sup>116</sup> JAMES C. CLINGERMEYER & RICHARD C. FEIOCK, *INSTITUTIONAL CONSTRAINTS AND POLICY CHOICE*, 98-99 (2001).

<sup>117</sup> *Id.* at 104-05.

<sup>118</sup> See, e.g., Michelle Anderson, *Mapped Out of Local Democracy*, 62 STAN. L. REV. 931-1003 (2010); Noah J. Durst, *Municipal Annexation and the Selective Underbounding of Colonias in*

body of experimental and statistical evidence shows that altruism travels less across racial and ethnic lines. In fact, as it turns out, this is an extremely important determinant of preferences for redistribution. When the poor are disproportionately concentrated in a racial minority, the majority, *coeteris paribus*, prefer less redistribution.”<sup>119</sup> The underlying cause may not be active animosity towards other groups as opposed to a preference for generosity towards similar groups. But the effect may be that incentives to assist others decline as those needing assistance differ along ethnic or socio-economic dimensions from those in a position to offer assistance. One might expect that self-interest would lead those who can offer assistance to do so, where redistribution can redound to the benefit of the grantor as well as the grantee. But we do not find anything in the literature that suggests such an effect, and the common observation that suburbanites failed to assist their central cities notwithstanding substantial evidence that suburban and central city fortunes are interdependent seems to count against it.

The third obstacle to intraregional redistribution involves the default rules of local government law. Legal scholars typically attribute interlocal disparities in the provision of local services including housing, education, and policing to legal default rules that permit localities autonomously to regulate zoning, resist annexation, allocate expenditures, and set tax rates without regard for the external effects of local decisions or the resources available to other localities.<sup>120</sup> The limited constitutional protection for wealth-based classifications reduces mandates of interlocal equalization to those that can muster a political majority at the state legislative level and those that can find support in discrete state constitutional clauses.<sup>121</sup> In short, urban areas may not assist their rural neighbors because they don’t have to.

That is not to say that regional provision or regional government would necessarily be a superior means of organizing regions, notwithstanding that regionalism might ameliorate some of the drawbacks of local autonomy. A variety

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*Texas' Lower Rio Grande Valley*, 46 ENV. & PLAN. 1699 (2014); Daniel T. Lichter et. al., *Municipal Underbunding: Annexation and Racial Exclusion in Small Southern Towns*, 72 RURAL SOC. 47 (2007).

<sup>119</sup> ALBERTO ALESINA & PAOLA GIULIANO, PREFERENCES FOR REDISTRIBUTION IN 1A HANDBOOK OF SOCIAL ECONOMICS 114 (2011).

<sup>120</sup> For classic work in this vein, see Richard Briffault, *Our Localism: Part I – The Structure of Local Government Law*, 90 COLUM. L. REV. 1 (1990); Sheryll D. Cashin, *Localism, Self-Interest, and the Tyranny of the Favored Quarter: Addressing the Barriers to New Regionalism*, 88 GEO. L.J. 1985 (2000).

<sup>121</sup> *San Antonio Independent School District v. Rodriguez*, 411 U.S. 1 (1973), held that wealth based classifications are not subject to strict scrutiny. Equalization mandates have been most prominent in the area of education. See Joshua E. Weishart, *Transcending Equality Versus Adequacy*, 66 STAN. L. REV. 477 (2013).

of autonomous localities within a region may induce competition for more efficient service delivery, permit more satisfaction of individual preferences for local public goods (not all of which, after all, are invidious),<sup>122</sup> and allow closer relationships between local officials and constituents that promote civic participation and monitoring by citizens.<sup>123</sup> Thus, it is not only the case that regionalization, whether it means formal interlocal cooperation or the replacing of local governments with more centralized entities, faces strong political headwinds, it is also the case that regionalization poses its own difficulties.

Nevertheless, there exist a significant number of redistributive interlocal cooperative arrangements that have overcome the obstacles we have discussed. These agreements provide for transfer payments rather than simply cooperative agreements among jurisdictions to realize efficiencies in the delivery of services.<sup>124</sup> Successful redistributive agreements share some characteristics. There is some evidence that cities with Democratic majorities are more willing to enter redistributive agreements with their neighbors.<sup>125</sup> But that same evidence indicates that redistributive agreements are more likely where the recipient jurisdiction is also majority-Democrat.<sup>126</sup> Thus, those findings also support the thesis that redistributive agreements are less likely where the donor and recipient jurisdictions are heterogeneous, at least where heterogeneity is defined by political leanings. Other characteristics of interlocal redistribution provide some support for the proposition that micropolitan areas could successfully deploy such agreements. For example, city officials are likely to endorse a redistributive program only when that is consistent with residents' preferences, and the variation among those preferences is likely to be greater in the large cities that characterize metropolitan areas than in the smaller cities representative of micropolitan areas.<sup>127</sup>

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<sup>122</sup> See Gillette, *supra* note 89, at 197-99; Michael W. McConnell, *Federalism: Evaluating the Founders' Design*, 54 U. CHI. L. REV. 1484 (1987).

<sup>123</sup> See J. ERIC OLIVER, *DEMOCRACY IN SUBURBIA* (2001); Joshua McDonnell, *Municipality Size, Political Efficacy and Political Participation: A Systematic Review*, 46 LOC. GOV. STUD. 331 (2019).

<sup>124</sup> See Gillette, *supra* note 89, at 234-36. Perhaps the best known example is the revenue sharing agreement to foster economic development in the Minneapolis-St. Paul region. See Edward G. Goetz & Terrence Kayser, *Competition and Cooperation in Economic Development: A Study of the Twin Cities Metropolitan Area*, 7 ECON. DEV. Q. 63 (1993).

<sup>125</sup> Kenneth N. Bickers et al., *The Partisan Dimensions of Intergovernmental Cooperation* (2009) [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1450989](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1450989).

<sup>126</sup> *Id.* at 19-20.

<sup>127</sup> See, e.g., Stephanie S. Post, *Metropolitan Area Governance and Institutional Collective Action*, in *METROPOLITAN GOVERNANCE: CONFLICT, COMPETITION, AND COOPERATION* 67, 75 (Richard C. Feiock, ed. 2004).

## Conclusion

We have two objectives in this Article. The first is to bring the issue of micropolitan areas into the debate about regionalism and metropolitanism. The characteristics of micropolitan areas suggest that they deserve independent treatment that complicates the debate about regionalism, a treatment that gets lost in the traditional urban/rural dichotomy. The second has been to make normative claims about how best to promote economic development within micropolitan areas and to speculate about the possibility that economic development within micropolitan areas could reduce political polarization along the urban/rural divide. Our claims, however, are limited by a paucity of data that might support or refute our largely speculative claims. We conclude, therefore, by suggesting areas of research that we believe would provide valuable information about the characteristics of micropolitan areas.

We have proposed that development of micropolitan areas would generate political as well as economic benefits by reducing polarization. Given that some micropolitan areas are relatively successful, that proposal provides a testable hypothesis. One could, for example, compare voting patterns in economically successful micropolitan areas with voting patterns in less successful micropolitan areas to determine whether the spread in voting by party affiliation is greater in one group than in the other.

Similarly, social contact theory suggests that inducing interactions among diverse groups could reduce friction. But the effect appears to be greater with respect to some diverse groups, e.g., economically diverse groups, than with respect to other groups, e.g., racially diverse groups. Are relatively successful micropolitan areas less racially diverse than relatively unsuccessful micropolitan areas?

Finally, we have suggested that principal city subsidies of rural areas could promote regional benefits. If that is the case, however, then we would expect to find more evidence of subsidies or interlocal agreements within relative successful micropolitan areas. We are not, however, aware of any evidence one way or the other on that proposition.

Micropolitan areas remain an understudied area. Additional research could provide valuable information concerning the distinctions among such areas, the mechanisms for regional development, the effectiveness of interlocal cooperation, and the depth of our political polarization. At the moment we can only theorize about these issues. Ultimately, however, they are too important to leave to speculation.



