

1989

Improving Rural Minnesota Through Downsizing

Mark Threlkeld

Greater Minneapolis Chamber of Commerce

Follow this and additional works at: <https://digitalcommons.morris.umn.edu/jmas>



Part of the [Economics Commons](#)

Recommended Citation

Threlkeld, M. (1989). Improving Rural Minnesota Through Downsizing. *Journal of the Minnesota Academy of Science, Vol. 54 No.2*, 13-15.

Retrieved from <https://digitalcommons.morris.umn.edu/jmas/vol54/iss2/5>

This Article is brought to you for free and open access by the Journals at University of Minnesota Morris Digital Well. It has been accepted for inclusion in Journal of the Minnesota Academy of Science by an authorized editor of University of Minnesota Morris Digital Well. For more information, please contact skulann@morris.umn.edu.

Improving Rural Minnesota Through Downsizing

MARK THRELKELD

Introduction

It is time to take a hard look at downsizing rural Minnesota. In business, downsizing is done to improve the financial health of a company by cutting back on expenses which can no longer be justified in light of changes in the marketplace. While the term may seem odd when applied to a state, it fits the opportunities and problems now facing rural Minnesota and could help the state make the transition through some difficult times.

Decline in the State's Rural Population

The population of a substantial portion of rural Minnesota has been declining for some time. The losses go far beyond those publicized for the Range and in fact cover more than half the state. Between 1980 and 1983, 34 counties in the state lost population. From 1983 to 1987, 49 out of 87 counties lost population (Fig. 1), and the rate of loss accelerated during that period. Further, the population losses which have occurred in these areas of the state will not be recovered by a return of the basic industries that supported larger rural populations in the first place; namely farming, mining, and lumbering.

The population losses which have been experienced during the 1980s are occurring over a large area of the state, but the largest proportional losses are being experienced by small towns with populations of less than 250 persons.

The number of people living on farms has been falling since the 1920s and fell dramatically from 1940 to 1980. The 1980s have seen a continuation of the decline. Many of those who did stick it out during the farm depression of the 1980s did so in the face of severe economic loss and were from a financial perspective, essentially unemployed. While profitability will probably return eventually to the American farm, long term trends, changes in worldwide markets, and mechanization indicate that employment levels will not.

Mark Threlkeld is Group Vice President of Economic Development for The Greater Minneapolis Chamber of Commerce. Prior to his current position, Threlkeld was Vice President of Economic Development for the Greater Des Moines Chamber of Commerce in Iowa.

Similar forces are at work in mining and lumbering. The taconite industry in Minnesota employed about 5,500 year-round miners by late 1988 and it was estimated they would produce 40 million tons of taconite. That compares to 13,800 miners producing 42.7 million tons in 1980—nearly the same output from 60 percent fewer workers. And in lumbering, employment which had been spread over a wide region of northern Minnesota has gone from 3,500 workers in 1978 to less than 100 in 1986. This employment shift will not change, as machinery is now doing the same work. On the other hand, in a related field, the wood products industry has shown a strong employment increase, going from 11,000 in 1983 to 15,000 in 1987. These gains have generally been concentrated in some of the larger towns in the north, such as International Falls and Grand Rapids.

The population losses which have been experienced during the 1980s are occurring over a large area of the state, but the largest proportional losses are being experienced by small towns with populations of less than 250 persons. While there is some discussion about small cities losing population until they disappear, that is not currently occurring in Minnesota. A more common occurrence is for a small town to lose population to a certain point and then stabilize, experiencing virtually no population change over a substantial period of time.

With these losses in population, comes a related loss of tax base, which translates into problems in maintaining the physical infrastructure and social services for rural Minnesotans.

Efforts to Improve the Economy in Greater Minnesota

There are a number of efforts currently being undertaken in the state which are designed to help improve the economy in greater Minnesota. The highly publicized Greater Minnesota Corporation (GMC) is working to promote jobs and economic growth through applied research, technology transfer, and product development. The Rural Development Boards, established by the legislature, are working on a regional approach to economic development in six areas of the state. The Minnesota Initiative Fund, with \$15 million from the McKnight Foundation, is aimed at assuring a steady and substantial flow of resources for human services and economic development within the six regions. The Northwest Area Foundation has created the Community Reinvestment Fund of Minnesota to package and resell community development loans. The goal of this fund is to supply an ongoing source of capital for community revitalization. These efforts represent only a partial list of the many positive actions currently being taken to improve rural life in the state.

The Twin Cities Impact on Greater Minnesota

At times, the stress on rural Minnesota spawns a resentment of the economic success of the Twin Cities. A "dual economy" is discussed across the state as though no other metropolitan region exists, which in fact is not the case. While the area is not large compared to the entire state, there is a region extending from Saint Cloud to Rochester in which the economy is strong and growing. Furthermore, the resentment is misplaced considering the symbiotic relationship which exists between the Twin Cities and the large rural area affected by the metro area's economy.

This relationship is well described by Jane Jacobs in her book *Cities and the Wealth of Nations*. Jacobs describes the importance of what she terms "import-replacing" cities. She considers an import to be anything that is not produced locally. So, widgets from Texas would be an imported item to the Twin Cities' economy. Local innovation and the ability to produce what formerly had been imported is the root of all economic expansion in her opinion. In her words:

"It is important, if we are to understand the rise and decline of wealth, for us not to be fuzzy about an abstraction like "economic expansion" but to be concrete and specific about how expansion occurs and of what it consists. The expansion that derives from city import replacing consists specifically of these five forms of growth: abruptly enlarged city markets for new and different imports consisting largely of rural goods and of innovations being produced in other cities; abruptly increased numbers and kinds of jobs in the import replacing city; increased transplants of city work into non-urban locations as old enterprises are crowded out; new uses for technology, particularly to increase rural production and productivity; and growth of city capital."

The positive impact of the growth she discusses is clearly not confined to the city itself, but is also made on a large rural area within the economic pull of the city. Certainly not all Minnesota benefits equally from the economic growth of the Twin Cities, but its pervasive influence calls into question the notion of a "dual economy."

Improvement Through Downsizing

The efforts of the GMC and other programs to aid greater Minnesota and the spinoff benefits of the Twin Cities economy hold promise for maintaining and even improving the quality of rural life in the state. But the demographic trends and their implications are clear and cannot be denied. Decreasing population and the related loss of tax base will require that the state not just focus its efforts on programs like the GMC. It must also address the real need to downsize or shrink the amount of administrative infrastructure being supported by the rural economy. This prospect was raised by the Governor's Commission on the Economic Future of Minnesota in 1987. Their report stated:

"... attention must be given to removing an administrative superstructure that is no longer needed. Attention is often focused on reorganization within state government, but the potential for public administrative reorganization is equally great in local government—municipalities, counties and schools. These changes are enormously controversial. They go right to the heart of such issues as community identity, local control,

democracy and how decisions are made about public affairs. The Commission did not address in detail how to approach this reorganization, coming to the understanding late in its process that such reorganization was needed. The need, however, will not go away."

By their very nature, the changes will indeed be controversial. For example, most small towns are extremely proud of their local police and fire departments. Any discussion about eliminating the hometown aspect of those departments would probably be met with a stiff argument over local control. But does local control mean small communities must also maintain a separate communications system? Changes in technology, such as communications equipment, have increased the cost of keeping modern equipment in the hands of local police and fire officials. Regional approaches to those systems could both reduce costs and improve public safety through reduced response times. In very small towns, contracting for police protection from the county sheriff's office might be a more efficient way to provide for public safety than straining the local municipal budget by maintaining a separate department.

Hospitals and other health services are also straining to maintain service and quality of care in the face of decreasing revenues in rural areas. Closing and consolidating these facilities will require much soul searching on the part of rural communities, but if care can be provided through a satellite system of services that continues to offer access to care at a more controlled cost, another aspect of quality of life can be maintained.

Ways need to be found to reduce the overhead of operating rural communities. Doing so would reduce the strain on rural city and county tax loads, allowing for better utilization of tax dollars.

There are many other possibilities. If the community college system and the technical institute system were combined, the state would be able to reduce its administrative costs and provide much greater geographic access to two years of education beyond high school. Local city parks could be maintained by a county or regional maintenance system, potentially providing better equipment utilization and less maintenance and facility cost. Social service delivery systems, library systems, and other "local" operations need to be examined from a similar perspective.

Planning for future physical infrastructure must also be done with an understanding of demographic trends. In the light of these projections, highway and bridge repair needs must be addressed. What costs can be saved by reclassifying a seldom used highway from primary to secondary? What is the impact on access to markets for farmers and other rural residents by such changes in the transportation network? Worn out rural water and sewer systems in need of replacement need to be sized realistically.

In sum, ways need to be found to reduce the overhead of operating rural communities. Doing so would reduce the strain on rural city and county tax loads, allowing for better utilization of tax dollars in the provision of services to people. If Minnesotans do not plan for the demographic changes

which are occurring, the cost of delivering those services on a per person basis will continue to escalate. The challenge is to come up with measures which produce the necessary cost-savings and still provide the services which residents in greater Minnesota deserve and have come to expect. A window of opportunity now exists for those living in greater Minnesota to exercise important self-determination in these matters.

Conclusion

New approaches to some of the problems faced by greater Minnesota are already being developed. The 1987 Legislature's creation of "education districts" holds promise as a new approach to the struggle over school consolidations. Other questions regarding financing for construction and maintenance of streets, sewers, and water systems and the provision

of human services remain incompletely answered at this time. Important benefits might be gained through the downsizing of the administrative infrastructure of rural Minnesota.

The quality of life in greater Minnesota should not just be of concern to the people who live outstate. All Minnesotans have a stake in seeing these needs addressed. Allowing an urban/rural split to develop and be promoted through the "dual economy" debate breeds resentment and is counter-productive. But a new terminology is only a small part of the changes which need to take place. As the Governor's Commission reported, "the need [of greater Minnesota] will not go away." Perhaps a new study commission is needed—one representing a wide range of interests from business, local and state government, labor, education, and others—in order to break through the parochial interests which stand in the way of planned change.

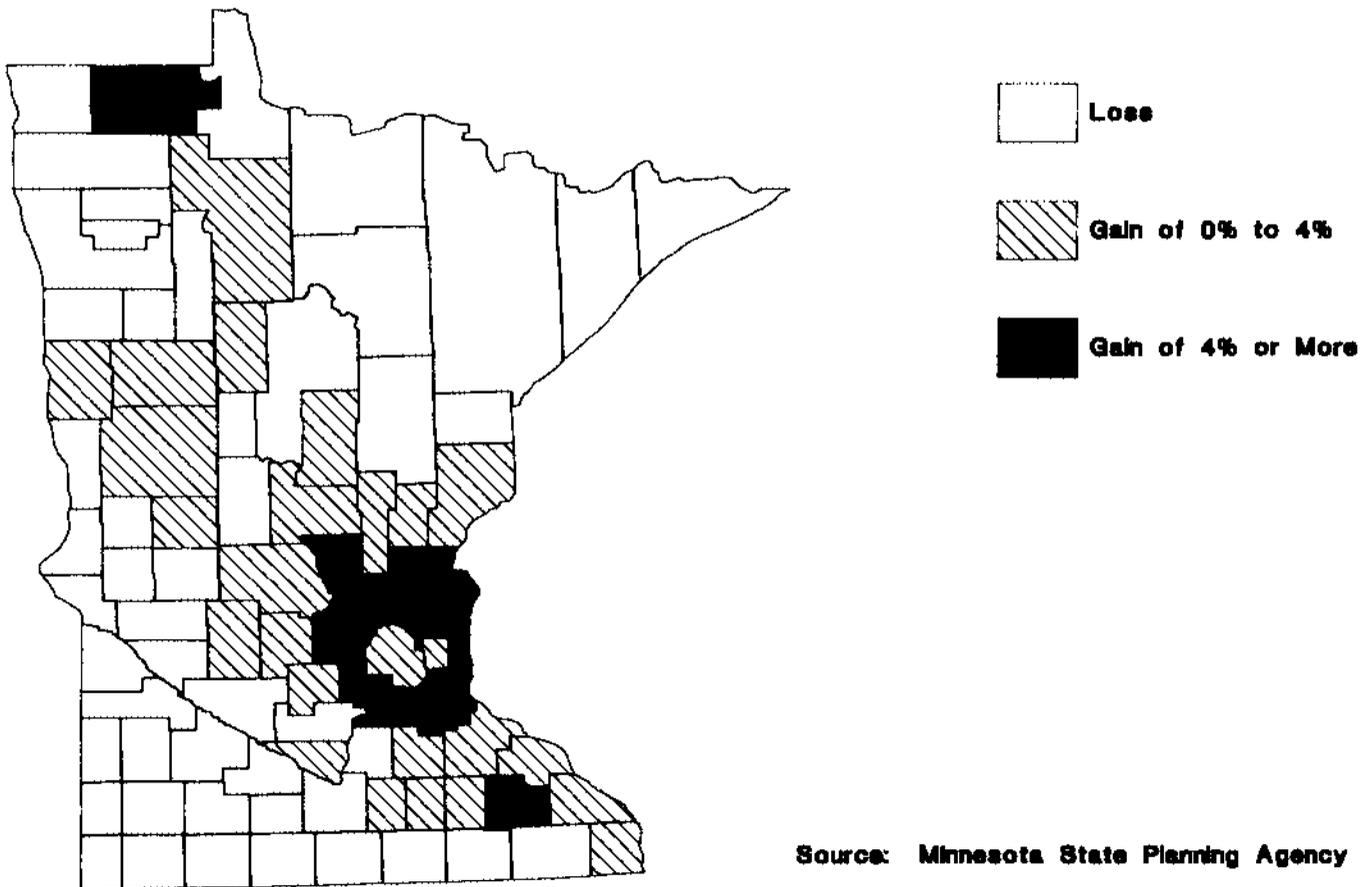


Figure 1: Population changes in Minnesota counties (1983-1987).