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# Examining Preferences for Rural Living and How to Save the Rural Economy

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# Cornhusker Economics

## Examining Preferences for Rural Living and How to Save the Rural Economy

| Market Report  | Year Ago | 4 Wks Ago | 1-4-19 |
|--|----------|-----------|--------|
| <b>Livestock and Products,</b>   |          |           |        |
| <b>Weekly Average</b>  |          |           |        |
| Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .                             | 119.00   | *         | *      |
| Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .                            | 185.07   | 171.18    | 177.98 |
| Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .                             | 158.94   | 138.01    | 150.98 |
| Choice Boxed Beef, 600-750 lb. Carcass. . . . .  | 207.99   | 213.39    | 215.75 |
| Western Corn Belt Base Hog Price Carcass, Negotiated . . . . .                             | 66.01    | 49.01     | 49.84  |
| Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .                                  | 77.58    | 67.30     | 68.52  |
| Slaughter Lambs, woolled and shorn, 135-165 lb. National. . . . .                          | 127.92   | 132.95    | 134.55 |
| National Carcass Lamb Cutout FOB. . . . .  | 369.87   | 383.35    | 386.15 |
| <b>Crops,</b>  |          |           |        |
| <b>Daily Spot Prices</b>   |          |           |        |
| Wheat, No. 1, H.W. Imperial, bu. . . . .   | 3.45     | 4.52      | 4.53   |
| Corn, No. 2, Yellow <b>Columbus</b> , bu. . . . .  | 3.20     | 3.46      | 3.52   |
| Soybeans, No. 1, Yellow <b>Columbus</b> , bu. . . . .                                      | 8.81     | 8.03      | 8.13   |
| Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .                                       | 5.99     | 5.54      | 5.75   |
| Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .  | 2.83     | 3.34      | 3.24   |
| <b>Feed</b>  |          |           |        |
| Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . . | *        | *         | *      |
| Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .                                    | 90.00    | 110.00    | 103.00 |
| Grass Hay, Large Rounds, Good Nebraska, ton. . . . .                                       | 82.50    | 87.50     | 87.50  |
| Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .                            | 145.50   | 150.00    | 155.00 |
| Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .                           | 45.25    | 50.50     | 53.00  |
| <b>No Market</b>   |          |           |        |

Recent articles in the New York Times and the Washington Post discuss preferences for rural living and if rural economies can be saved. Data from the Nebraska Rural Poll and other state surveys are used to further explore these topics.

### Residential Preferences

[The Washington Post piece](#)<sup>i</sup> by Christopher Ingraham examined recent [Gallup Poll data](#)<sup>ii</sup> that showed many Americans would like to live in a rural area. If so many people would like to live in rural areas, why is population in nonmetropolitan areas declining? Preferences and reality don't match for many Americans. While 27 percent of Americans would prefer to live in a rural area if they could live anywhere they wish, only 15 percent currently live in such a place. Ingraham and Gallup's Frank Newport state that job concentration in metro areas is preventing the movement to rural areas.

Ingraham goes on to present arguments for living in rural areas. Many positives are found in rural life, such as higher levels of happiness and well-being, better natural environments, safe neighborhoods, and affordable cost of living.

A survey of new residents to the Nebraska Panhandle conducted in 2007 also sheds light on reasons people choose to live in rural areas. In fact, the type of places the new residents moved from was related to their reasons both for moving from their previous location as well as

their reasons for moving to their new home (Cantrell et al., 2008). Migrants originating from metropolitan areas were significantly more likely than their non-metropolitan counterparts to identify high cost of living, fear of crime and general safety concerns as push factors that were important or very important in their decision to move from their previous residence. Similarly, the new residents originating from metropolitan areas were significantly more likely than their non-metropolitan counterparts to indicate that seeking a less congested location was an important pull consideration in selecting a Panhandle location. Indeed, this was reported as an important consideration by 65 percent of those moving to the Panhandle from a metropolitan location. They were also significantly more likely to identify the pull of lower cost housing, a simpler pace of life, a safer living environment, lower taxes, shared values and an improved environment for child rearing than were their non-metropolitan counterparts.

[Nebraska Rural Poll data from 1998](#)<sup>iii</sup> also examined residential preferences similar to those explored by Gallup. That data found the opposite trend from that found nationally. For rural Nebraskans, the proportion currently living in the country was greater than the proportion preferring to do so. Fifty-one percent of the respondents lived in the country, compared to only 34 percent who would prefer this residence type. Overall, rural Nebraskans who don't currently live in their preferred community size tended to prefer communities larger than their current location. However, it is important to note that within these general preferences there was a marked tendency for rural residents in smaller towns to prefer smaller rural towns, for those living in larger rural towns to prefer larger towns, etc. The least preferred community size was a large city. Only one percent of rural Nebraskans would prefer to live in a place with population in excess of 500,000.

### ***Economic Realities***

These differences in residential preferences lead to the economic disparities between urban and rural areas discussed more in the [New York Times piece](#)<sup>iv</sup> by Eduardo Porter. Porter examines the "Hard Truths of Trying to 'Save' the Rural Economy," presenting evidence of economic decline in rural America. Some of the evidence provided includes economic recovery occurring in metropolitan areas that is not occurring overall in rural economies: by 2017, the largest metropolitan

areas had almost 10 percent more jobs than they did at the start of the financial crisis while rural areas still had fewer.

The rural Nebraskans who expressed a preference for living in larger communities than their current location may indicate a desire for increased economic opportunities that are presumed to be greater in larger places. Further evidence of the struggle between preference for small town living and economic realities are shown in Nebraska Rural Poll data. Consistently, the Rural Poll has found that rural Nebraskans are most satisfied with various social and environmental dimensions including their marriage, family, friends, the outdoors, their safety and general quality of life. They are less satisfied with economic factors such as job opportunities, current income level, and their ability to build assets/wealth and financial security during retirement.

Looking closer at the makeup of their household incomes can help better understand this financial dissatisfaction. [Rural Poll data from 2014](#)<sup>v</sup> revealed many rural Nebraskans piece together their incomes from self-employment and multiple job holding. Just over four in ten employed rural Nebraska households (42%) have multiple job holding by members of the household. And, multiple job holding was more prevalent for residents of smaller communities. Similarly, self-employment activity was also more likely in smaller communities. Over one-half (58%) of employed households living in or near communities with less than 500 persons have at least one person who is self-employed, compared to 31 percent of households living in or near communities with populations of 10,000 or more. These employment patterns show why Nebraska has historically had low levels of unemployment.

Health of the rural economy is important to Nebraska overall. In an [economic overview by the Kansas City Federal Reserve Bank](#)<sup>vi</sup>, they highlight that nonmetropolitan areas in Nebraska accounted for nearly 30 percent of the state's GDP in 2016. Nationwide, nonmetropolitan areas account for about 10 percent of total economic output.

Utilizing broadband technology is argued to be promising to enhance economic opportunities in rural areas. [Robert Gallardo responded to the New](#)

[York Times article](#)<sup>vii</sup> by arguing that disparities in connectivity between rural and urban areas have not yet allowed this to occur. He argues that investment in broadband connectivity and digital skills can help encourage a rural rebound.

A recent [study of digital readiness among Nebraska households using the Internet](#)<sup>viii</sup> revealed a device and internet access divide between metropolitan and rural Nebraska households. However, despite this divide, rural Nebraska households' utilization of the internet compared evenly or more favorably to that of metropolitan households. And, they rely more heavily on using smartphones, mobile data and libraries for their internet access. Overall, Nebraskans have much room to improve their impacts and benefits from the Internet. Only about one-quarter of households earned money online by selling, freelancing or renting.

While economic realities in rural areas can be challenging, many opportunities exist. Improving digital readiness and connectivity in rural areas has the potential to increase residents' benefits and impacts from Internet use. And, with the state's low unemployment rate, many unfilled job opportunities are available. Since many Americans express a preference for rural living, community quality of life amenities can be the factors that ultimately lead persons to choose to move to rural areas. If economic opportunities can be improved, this would pave the way to more people choosing to do so.

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<sup>i</sup>Ingraham, Christopher. (2018, December 18). Americans say there's not much appeal to big-city living. Why do so many of us live there? *Washington Post*. Retrieved from [https://www.washingtonpost.com/business/2018/12/18/americans-say-theres-not-much-appeal-big-city-living-why-do-so-many-us-live-there/?noredirect=on&utm\\_term=.bcac451b508c](https://www.washingtonpost.com/business/2018/12/18/americans-say-theres-not-much-appeal-big-city-living-why-do-so-many-us-live-there/?noredirect=on&utm_term=.bcac451b508c)

<sup>ii</sup>Newport, Frank. (2018, December). *Americans Big on Idea of Living in the Country*. Retrieved from <https://news.gallup.com/poll/245249/americans-big-idea-living-country.aspx>

<sup>iii</sup>J. Allen, R. Filkins, S. Cordes and E. Jarecki. 1998. Community Life in Rural Nebraska: Trends and Comparisons. Center for Rural Community Revitalization and Development Research Report 98-3. Retrieved from <https://ruralpoll.unl.edu/pdf/98community.pdf>

<sup>iv</sup>Porter, Eduardo. (2018, December 14). Hard Truths of Trying to 'Save' the Rural Economy. *New York Times*. Retrieved from <https://www.nytimes.com/interactive/2018/12/14/opinion/rural-america-trump-decline.html?smid=pl-share>

<sup>v</sup>Vogt, R., C. Burkhart-Kriesel, R. Cantrell, and B. Lubben. 2014. Earning a Living in Nonmetropolitan Nebraska. Nebraska Rural Poll Research Report 14-4, University of Nebraska-Lincoln. Retrieved from <https://ruralpoll.unl.edu/pdf/14employment.pdf>

<sup>vi</sup>Kauffman, Nathan. (2018, March 30). *Low Unemployment but Slow Growth in Nebraska's Economy*. Retrieved from <https://www.kansascityfed.org/publications/research/ne/articles/2018/1q2018/low-unemployment-but-slow-growth-in-nebraskas-economy>

<sup>vii</sup>Gallardo, Roberto. (2018, December 16). *Speak Your Piece: Times' Rural Economics Analysis Omits a Wealth of Options*. Retrieved from <https://www.dailyyonder.com/speak-piece-times-rural-economics-analysis-omits-wealth-options/2018/12/16/29434/>

<sup>viii</sup>Gallardo, Roberto, Charlotte Narjes, Rebecca Vogt. (August 2018). *Gauging the Digital Readiness of Nebraska Households*. Retrieved from <https://agecon.unl.edu/cornhusker-economics/2018/DigitalReadinessReportNebraska2018.pdf>

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