

URBAN-RURAL DIVIDE

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Urban-Rural divide adversely affects the socioeconomic stability of rural areas. Rural areas were once hubs of activity because the U.S. economy relied on agriculture and manufacturing. But with the advent of technology and development, people moved on to more service based jobs, which were easily available in more urban areas. This people started moving from rural areas in search of better employment, education and opportunities.

Population migration leads to shrinking tax bases. This can prevent local governments from providing basic amenities to their existing population.

Rural areas are increasingly growing isolated, and grows at a considerably lower rate than urban centers. National and state governments must work together to bridge this divide and help rural areas become hubs of opportunities.

QUALITY OF LIFE

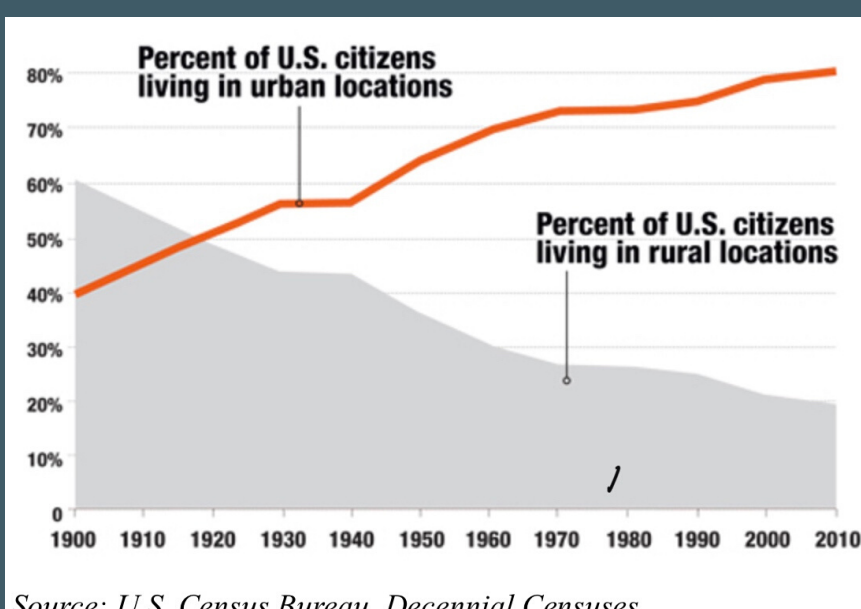


ECONOMIC IMPACT

Welfare of people who live in rural areas depend on amenities like local parks and restaurants. But due to decreasing population, the local governments cannot keep up with these costs thereby leading to loss in quality of life.

Rural societies will no longer will self-sustaining if they continue to experience outmigration. Rural areas are extensively becoming poorer, older and there is a huge brain drain to urban areas. This downward trend is visible on a national level but policy makers are yet to pass significant significant measures to tackle this problem (*see figure 1*).

ACCORDING TO THE U.S. CENSUS BUREAU



50,000 > URBAN
URBAN CLUSTER
- 2500 < X < 50,000
RURAL -
EVERYTHING
NOT INCLUDED IN
URBAN

POTENTIAL SOLUTIONS

The first proposed policy suggestion is for local governments to provide a municipal broadband networks at a reduced rate. Internet connections in rural areas are sparse because it is not financially feasible for private companies to invest in areas where they won't receive a profit margin (*see figure 2*). Bringing widespread internet connections to rural areas will make these areas more connected to modern society, it will also open up new opportunities for its residents. Also having technological infrastructure will entice more businesses to come to rural areas.

The second proposed policy option is to reduce corporate income tax to invite more companies to set up branches in rural area. Companies that deal in traded sectors are also very beneficial because they deal in goods and services required by different regions. Big companies like Apple will set up data centers in rural areas given they receive tax breaks. Such companies bring economic stability to an area, they provide a higher wages and better benefits to employees.



The third proposed policy plan is to redistribute sales tax from urban areas to rural areas. According to NC Department of Revenue, sales tax is comprised of 4.75% statewide sales tax and 2% of county sales tax. Currently 3/4th of the county sales tax goes back to the respective counties, and 1/4th of the county sales tax is redistributed on a per capital basis. With the new proposed redistribution it would not be redistributed based on population but instead based on a predetermined percentage.

RECOMMENDED POLICY SOLUTION

The recommended policy solution is for local governments to invest in rural broadband connections. An internet connection is essential for a chance to survive in the current social and economic conditions. It will help bridge the digital divide between urban and rural areas, opening up more employment and educational opportunities. More than 750 regions across the U.S. have implemented a system of municipal broadband networks. Local governments can work with private companies for the installation and maintenance of the network systems. widespread technological infrastructure will also invite companies to set up data centers and servers systems in rural areas. Bringing more economic prosperity and stability to such regions.

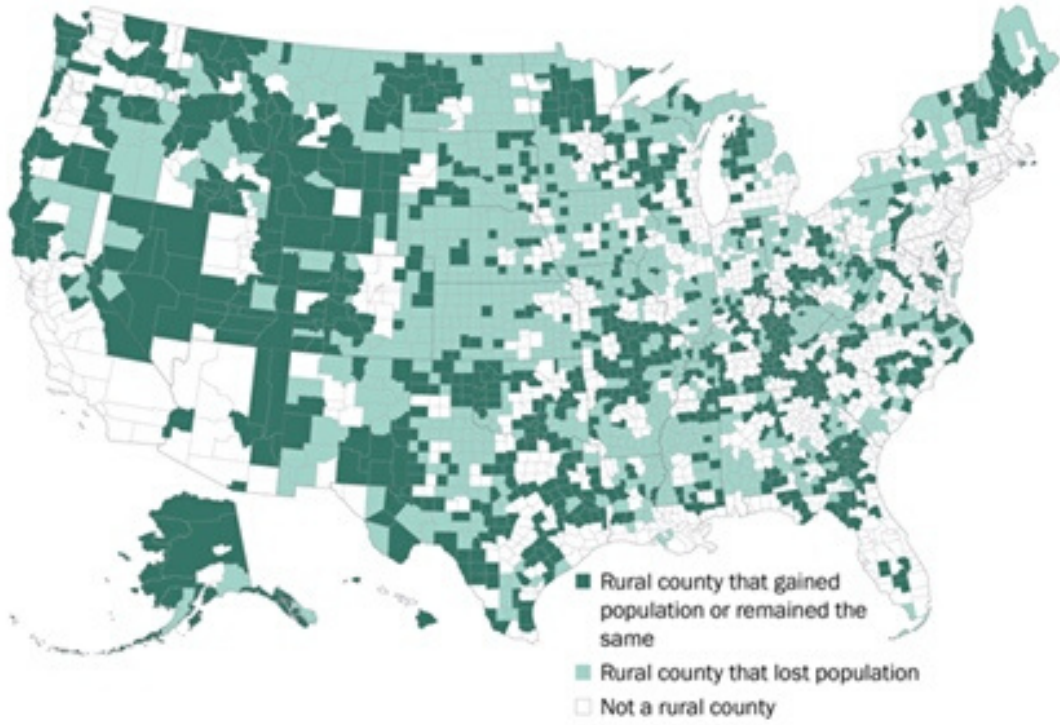
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APPENDIX

Most rural counties in the Midwest have lost population

Population gain or loss since 2000 among rural U.S. counties



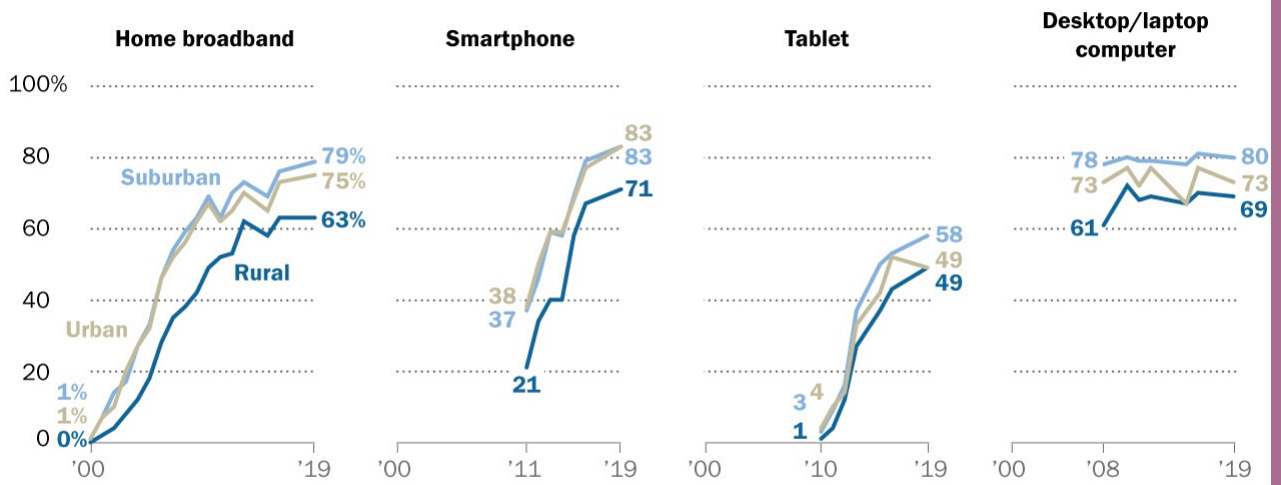
Note: County categories based on the National Center for Health Statistics Urban-Rural Classification Scheme for Counties.
 Source: Pew Research Center analysis of 2000 decennial census SF3 data and 2012-2016 American Community Survey data.
 "What Unites and Divides Urban, Suburban and Rural Communities"

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Figure 1 - shows outmigration from rural areas

Rural Americans have consistently lower levels of broadband adoption

% of U.S. adults who say they have ...



Note: Respondents who did not give an answer are not shown.
 Source: Survey conducted Jan. 8-Feb. 7, 2019. Trend data from other Pew Research Center surveys.

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Figure 2 - shows the digital divide between urban and rural areas