Entrepreneurial Governance and Economic Development in Micropolitan Cities of Arkansas[1]

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A sizable literature exists that addresses the changing priorities of urban governance in the U.S. and the increasing reliance on public-private partnerships in the realm of urban development and redevelopment. However, that literature is dedicated primarily to large and mid-sized cities and rarely addresses micropolitan cities. The latter are small cities whose populations range from 10,000-49,999 and are detached from metropolitan areas, yet serve as the economic and political cores of regions at least as large as one county. Arkansas has fourteen micropolitan areas. This paper examines the joint strategies carried out by the local state and non-profit development corporations in three micropolitan cities of Arkansas as they attempt to foment economic development. It discusses features of the built environment, including industrial (or business) parks and transport infrastructure insofar as they relate to "entrepreneurial governance" and collaboration between the public and private sectors. The comparative case study concludes that urban development in small cities, touted as examples of the "free market," in reality depends substantially upon local and state government to enhance those localities' fitness to compete nationally and internationally for investment, or even to retain their current employment base. It further concludes that not all cities carry this out in the same way, and therefore, additional research is needed on micropolitan entrepreneurialism to fill a substantial void in the literature.

Introduction

A contemporary concern of urban studies regards the ways that political processes and power relationships differ from place to place, and how they variably shape the economic fortunes of cities and their adjacent regions across the globe (Hall and Hubbard 1996, 153-154). The stature of a given locality within the world economic system can change markedly as a result

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of shifts in public policy, the movement of capital, and the functioning of local politics. Those who control the flows of capital have no choice but to be concerned with localities, given that investment occurs in actual places (Flint and Taylor 2007, 260). Local politics must incorporate the reality that investment can be shifted from place to place with greater ease, thereby enhancing or diminishing the economic viability of a given locality (Sassen 2006, 3-5; Cox and Maier 1988). As a result, urban governance since the 1970s has been forced to change its priorities. The traditional provision of services is diminishing in priority, relative to the promotion or regulation of economic growth (Hall and Hubbard 1996: 153-154). In the 1970s, social scientists began the call for studies to understand the ways that powerful individuals and groups influence the value of a given place as a resource (Hall 1974). A modest number of researchers in urban politics and urban geography have answered the call, though their emphasis has been predominately on larger cities while smaller ones remain understudied (Bell and Jayne 2009).

Terms such as "entrepreneurial governance" and "the entrepreneurial city" depict the contemporary forms of local politics aimed at economic development. A commonplace strategy of urban entrepreneurialism is the public-private partnership, a strategy that includes the provision of cheap land and fiscal incentives. By focusing on entrepreneurial governance in small cities of Arkansas, an understudied category of cities, this paper attempts to broaden the literature on public policy and the local creation of place. In particular, it focuses on micropolitan cities, a category of urban places that lies squarely between rural towns and metropolitan areas in terms of population, economic strength, and spatial extent. This study additionally makes the argument that research comparing urban entrepreneurialism in small cities with that of large cities is needed, to fill an obvious void in the literature. It includes a discussion about the strategies that small cities follow to attract and retain employers, and the role that entrepreneurial governance and public-private partnerships play in shaping urban land use.

After a discussion of the research question and methodology, and a brief overview of the micropolitan urban phenomenon, the essay includes a discussion of entrepreneurial governance and public-private partnerships in urban economic development in the U.S. in particular, and Arkansas in general, and suggests that reconfigured urban hierarchies under globalization are changing the nature of such partnerships. Three Arkansas micropolitan cities, Russellville, Blytheville and Hope, serve as case studies to illustrate the kinds of development strategies carried out by local governments, in partnership with the State of Arkansas. To understand these strategies, the researcher conducted open-ended interviews of public officials, directors and board members of economic development entities, and a small number of business owners in the three cities. Given that the kinds of promotional strategies such cities can realistically pursue are limited, micropolitan cities are largely at a competitive disadvantage at creating high-wage employment compared to more diverse, technologically-oriented metropolitan areas of the country. The essay concludes that further research toward the theorization of small-city entrepreneurism is needed.

The Research Question and Methodology

The present research seeks to explore the nature of urban entrepreneurialism in small cities, particularly micropolitan cities of the United States, and the extent to which there may be a definable small-city version of the phenomenon. It is hypothesized that because of their more limited resources, smaller cities of Arkansas carry out less elaborate forms of urban entrepreneurialism than larger American cities. By drawing upon the growing literature of urban entrepreneurialism and public-private partnerships that occur in larger cities, and examining how the phenomenon plays out in small cities, this study begins to address an obvious void in a body of literature that overwhelmingly favors large and mid-sized cities. The assumption at the outset was that some of the strategies employed by larger cities to attract and retain investment may be seen in smaller cities, but the latter have less ability than larger cities to attract businesses requiring highly specialized and educated workforces, and fewer fiscal resources to take on the larger-scale construction projects that larger cities are better able to finance. Thus, the purpose is to discuss the general kinds of activities and projects that micropolitan cities of Arkansas carry out, and how they arrange it institutionally and fiscally. Through a comparative case study method that includes examinations of three different micropolitan cities within one state, this research on micropolitan entrepreneurialism is not intended to be exhaustive, but is a beginning point for additional studies that hopefully will fill the void in the literature.

An examination of public-private economic development strategies, using three different micropolitan localities of the state as case studies, illustrates some of the possible forms of local entrepreneurial governance available to these small but not unimportant cities. The selection of three cities, Russellville, Hope and Blytheville, was based on five criteria. First, they are located in different economic regions of the state (respectively, the Arkansas River Valley, the Gulf Coastal Plain Timberlands region, and the economically stagnant agricultural Delta region). The three regions comprise not only distinct regions of Arkansas in terms of economic history, but also physiography and demographics (Green 1996, 12-25, 285-308, 314-338). The selection of the three cities was an attempt to include as much representation as possible of the state's varied economic regions, while working with limited resources that allowed detailed fieldwork in only three locations.

Secondly, the three cities were chosen because they share in common an enjoyment of interstate highway access. The assumption is that micropolitan areas of Arkansas lacking interstate highway access face challenges in the realm of economic development that might create bias in a comparative case study of this type, and therefore make a study that includes a random selection from all the state's fourteen micropolitan areas somewhat less meaningful (Johansson 2003). Third, the three cities are of sufficient distance from Little Rock and Memphis, two cities with metropolitan areas that encompass several counties each. The researcher assumes that micropolitan cities located within fifty miles of the centers of such large cities might not be sufficiently standalone to avoid the bias of metropolitan sprawl (Bell and Gripshover 2007). Fourth, in order to propose further comparative research on economic promotion, it was decided to study one city that is trying to develop a cluster (Hope), one that is deliberately more diversified (Russellville), and one that is partly diversified but is actively attempting to create two niches (Blytheville). Fifth, it was determined ahead of time that a sufficient number of economic development officials and business owners such as commercial real estate brokers in each of the three cities were available and willing to grant interviews.

Comparative case studies are an effective way to study urban entrepreneurialism. As urban governance increasingly prioritizes economic growth while emphasizing traditional managerial functions somewhat less, entrepreneurial strategies and the connections between the private and public sectors necessarily vary from city to city, thereby making a comparative case study methodology appropriate (Hall and Hubbard 1996, 158-160). Case study research in political science, geography, and other social sciences has the advantages of addressing the nuances of complex, multifaceted topics, and of offering ". . .empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context. . ." (Yin 2009, 18). This research employs the "multiple case study" approach that social science research commonly relies upon, because it generally produces broader conclusions than do single case studies (Yin 2009, 16-19; Johansson 2003).

The study employs triangulation of data from semi-structured interviews, direct observation, official documents, newspaper articles, and published data from city governments, local economic development corporations, and commercial real estate brokers. Triangulation is advantageous in that it allows the combining and reconciling of information gathered by different methods and from different sources (Johansson 2003). The wider the array of evidence, the better the quality of case study research, because the researcher sees overlaps and duplications of information that confirm each other (Yin 2009, 110, 116).

Semi-structured interviews based on pre-determined questions, like those used in this study, allow more discussion to occur than would be the case with structured interviews (Longhurst 2010, 103-105). The semi-structured interviews permitted a broader and deeper probing of the ways that local governments work with the private sector and with the State of Arkansas to bring about economic development in micropolitan cities of Arkansas. The questions also delved into matters of financing economic promotion including an identification of obstacles to garnering public support. A snowball sampling technique was used to identify interviewees. As Bernard (1988, 83-84, 98) explains, snowball sampling is effective when the population to be interviewed is a relatively small group of experts such that random sampling is not possible, as is the case with studies related to economic development and related governance. In studies of this type, snowball sampling enhances the flexibility of the semi-structured interview by permitting the following of new leads, and the information derived is verifiable through triangulation (Bernard 1988, 95, 205). In the three cities, the researcher carried out a total of twenty interviews of economic development officials, local government officials, and business owners.

American Micropolitan Cities: An Overview

After the 2000 Census, the Federal Government responded to pleas from civic leaders of standalone small cities that they be recognized as a separate category of cities, in order that they qualify for federal and state funds for economic development. In 2003, the Office of Management and Budget (OMB) responded to calls from public servants and members of the private sector in small cities outside of metropolitan areas that such cities are under-represented in matters of federal and state funding for social and economic development (Lofton 2006; Henderson and Weiler 2004, 2). The OMB officially designated that "micropolitan" areas exist as a category of cities for purposes of data collection (OMB 2003). Micropolitan areas have a core urban place whose population ranges from 10,000 to 49,999 in population, and a hinterland region, normally one or two counties, that it serves. Thus, they are unique in that they have higher populations and offer more services than rural towns. For example, they successfully attract national chain retailers, in large part because of the micropolitan designation (Lofton 2006). However, in terms of the extent of the built environment, they are not as complete as cities that serve as cores of metropolitan areas (Fonseca 2007).

Arkansas has fourteen micropolitan areas, and nationally there were some 582 as of 2000. About ten percent of the US population resides in micropolitan areas (Brown, Cromartie, and Kulcsar 2004, 406). It is double that percentage in Arkansas, where they comprise 18 of the state's 75 counties (OMB 2003; Lang and Dhavale 2006, 245; TAMU 2010). At least one exists in each of the state's five major physiographic regions (see Table 1).

Table 1: Selected Population Data, Micropolitan Areas of Arkansas

City (Region)	County/Counties	County Population 2008	Micropolitan Area Population 2008	Change from 2000, Micropolitan area, percent	Core City Population 2008
Arkadelphia (4)	Clark	23,888	23,888	+1.5	11,130
Batesville (5)	Independence	34,641	34,641	+1.2	9,511*
Blytheville (2)	Mississippi	46,808	46,808	-9.9	16,105
Camden (3)	Ouachita	25,770	31,205	-9.6	11,512
"	Calhoun	5,435			
El Dorado (3)	Union	43,213	43,213	-5.3	19,905
Forrest City (2)	St. Francis	26,336	26,336	-10.2	13,281
Harrison (5)	Boone	36,881	45,179	+5.8	13,200
"	Newton	8,298			
Helena-West Helena (2)	Phillips	21,603	21,603	-18.3	12,190
Hope (3)	Hempstead	22,900	32,057	-4.4	10,378
"	Nevada	9,157			
Magnolia (3)	Columbia	24,146	24,146	-5.7	11,081
Mountain Home (5)	Baxter	42,115	42,115	+9.7	12,592
Paragould (2)	Greene	40,684	40.684	+9.0	24,800
Russellville (1)	Pope	59,952	81,928	+8.4	27,602
"	Yell	21,976			
Searcy (1)	White	74,845	74,845	+11.4	22,299

*Batesville's core population extends beyond the city limits. Source: Bureau of the Census HYPERLINK "http://www.census.gov (accessed 17 January 2010). Economic/Physiographic Regions: (1) Arkansas River and Central Arkansas; (2) Delta; (3) Gulf Coastal Plain/Timberlands; (4) Ouachita; (5) Ozarks

The recent micropolitan designation means that the topic is at the frontier of academic research on urban places. As such, studies that examine economic development and related policies in micropolitan cities remain scarce.

Micropolitan cities differ regionally throughout the United States, especially by virtue of their proximity to metropolitan areas. Most are located in the South (43 percent) and the Midwest (34 pecent) (Lang and Dhavale 2006, 238). Micropolitan regions altogether encompass 22 percent of the country's 3,141 counties (Lang and Dhavale 2006, 238). In the West and in the Plains States, micropolitan areas on average are considerably more isolated than those along the Eastern Seaboard. Thus, the economic engine of each is different, and as a result, their internal forms vary. For example, many that are located close to metropolitan areas serve as exurban residential communities for commuters, while many in remote agricultural areas rely on processing and/or wholesaling of farm or timber products (Adams and VanDrasek 2007).

Some micropolitan areas are growing dramatically in population while others are declining or remain fairly constant (Helmer 2008, 40-41; Lang and Dhavale 2006, 238-239). They contain more services than rural towns but fewer than small metropolitan areas, including scheduled air service, local bus service, museums, daily newspapers, chain hotels, TV stations, and four-year colleges. Like small metropolitan areas, micropolitan areas almost universally have at least one general hospital (Brown, Cromartie, and Kulcsar 2004, 413). Lang and Dhavale (2006, 236-237) found that the more remote micropolitan cities tend to grow more slowly than those that are somewhat adjacent to the fifty largest metropolitan areas in the U.S., in large part because they lack the transportation advantages (including highways and airports) and other amenities of larger metropolitan areas.

Because they vary widely in terms of transport connections, proximity to more populated places, and population dynamics, the array of entrepreneurial strategies that micropolitan cities carry out are meritorious of study. An overview of web sites of economic promotion entities reveals that efforts to attract investment exhibit some discernible patterns in all fourteen micropolitan cities of Arkansas, including fiscal incentives and the existence of industrial parks at the urban periphery. Differences exist, however, in the ways that the public sector is involved in acquisition and sale of land in industrial parks, and in the financing of fiscal incentives. Differences also exist in the degree to which each city has successfully experienced new employment that generates a multiplier effect capable of igniting downtown revitalization and other visible facets of community development.

Urban Entrepreneurial Governance and Economic Development: An Overview of the Literature

Three interrelated trends in contemporary local governance are relevant to the study of economic development in micropolitan areas. First, economic development increasingly requires participation by local government, given that national governments are less able through time to regulate the nuances of global capital flows (Fainstein 1995). Second, local governments are increasingly emphasizing economic development over traditional managerial functions such as the provision of services (Harvey 1989, 3; Mayer 1995, 232-236; Syfert 2003, 4). Third, public-private partnerships, including the creation of semi-public entities like economic development corporations, constitute a growing priority of local governance, and the marketing of place is a prime objective (Cochrane 2007, 90-94; Mayer 1995, 232; Panebianco 2005). The overarching goal implicated in these three trends is to enhance the business climate and image of a city by employing the strategies of private enterprise, engendering a more competitive city (Cochrane 2007, 90-93; Mayer 1995, 233).

The largest of cities practice entrepreneurialism at a grand scale. "Demand-side" initiatives include the creation through public-private partnerships of sports arenas, office parks, high-tech research centers, and the like. A widely cited example of demand-side development is The Docklands of London, where urban redevelopment occurred throughout the 1980s and the 1990s. The public sector felt it necessary to promote investment in the financial services sector owing to deindustrialization, so it offered incentives and adopted proactive urban planning to foment the redevelopment of that former industrial district (Fainstein 2001, 3). Canary Wharf, a huge office complex, is the most conspicuous feature of the redevelopment (Fainstein 1995). Another dramatic example of this type of development that only global cities are capable of carrying out is the hosting of major sports events like the Olympics, which involves public investment on multiple levels in arenas, expanded transportation systems, and other related infrastructure (Salmon 2006, 139-143).

Traditional urban entrepreneurial activities in the U.S. for several decades have included "supply-side" policies such as tax abatements and the provision of training, infrastructure and land by the local state, designed to reduce employers' costs of doing business. In cases where these widespread initiatives failed to produce desired growth, demand-side efforts, such as the creation of high-tech research centers, sports arenas, and office parks have been employed (Aller 2010; Syfert 2003, 6; Eisinger 1988, 9-12, 227-265; Gray and Eisinger 1997, 369-377-380). For example, a public-private partnership in Phoenix resulted in the construction of two large office buildings that the State of Arizona leases from the developer, who in turn leases the land from the state (Aller 2010). In Charlotte, the NFL stadium, a performing arts center, a major hotel, and an indoor sports arena were created through private-public partnerships as part of the city's growth and marketing of the locale, and to enhance tax receipts in the long run (Syfert 2003). Virginia Beach provided land for an amphitheater, golf course, and parking garage built by a private developer (Phillips, Scott and Leavitt 2004). Larger American cities, which possess greater resources, are clearly better able to launch such demand-side initiatives than smaller places within the urban hierarchy, such as micropolitan cities (Aller 2010; Syfert 2003).

Both supply-side and demand-side strategies are increasingly the responsibility of local- and state-level, as opposed to federal, government. The shift away from federal initiatives in urban development and competitiveness since the late 1970s occurred in tandem with the increased influence of state and local governments, relative to that of the federal government (Feagin, Guilderbloom, and Rodriguez 1989, 240). In effect, local- and state-level government is in the business of attracting business, and quasi-governmental entities like economic development corporations are typically set up by chambers of commerce and local governments to foment the public-private partnering to meet that objective (Panebianco 2005). Critics point out that public monies finance this beneficial arrangement to private investors (Squires 1989; Feagin, Guilderbloom, and Rodriguez 1989, 256). Proponents of these partnerships argue that private entities do indeed invest, but that such investment would not be possible without the participation of the state (Phillips, Scott and Leavitt 2004; Panebianco 2005).

Entrepreneurial Governance and Economic Development in the American South

Since World War II, the Southern states have led the nation in provision of incentives and marketing of localities as low-wage havens, two strategies seen by most leaders in the region's private and public sectors as the key to economic development (Schulman 1994, 176; Cobb 1984, 59). Coalitions were formed between operators of sawmills, textile mills, and commercial farms to promote the virtues of low wages in Southern localities (Wright 1986, 259). The expansion of such manufacturing was overwhelmingly in nonmetropolitan towns and small cities (Schulman 1994, 176). Not until the mid-1970s did higher wage manufacturing finally surpass lower wage rudimentary employment in the South, and in Arkansas the switch did not occur until 1980 (Goldfield 1982, 189). However, in Arkansas, incentives did lead to a 300 percent increase in manufacturing output between 1967 and 1980, compared to a national average of 50 percent. The trend included a notable shift from traditional manufacturing (textiles and wood products) to metals and electrical equipment, though poultry processing continued as a low wage activity and an important force in the state's manufacturing economy through the end of the twentieth century. The low-wage model would eventually be regarded as having reached its limits, such that by the latter 1990s, a better-educated and technologically savvy workforce was seen as preferable by many development officials of Arkansas (Johnson 2000, 188). Low wages and anti-unionism continue to be touted by many in the business community as features of a positive "business climate," though others favor the higher value-added activities.

Economic development efforts based on the merits of low wages are not without drawbacks. Given that companies play different localities against one another, and each locality is desperate to attract such companies, less-than-optimal land uses can result. Unemployment problems may not be alleviated, because additional members of the working class will be drawn to the area. Citizens concerned about increased traffic and population will not favor the arrival of new employers. Taxpayers in the locality in question resent footing the bill for incentives, road repairs, and construction of infrastructure when employees often commute from other municipalities, a problem particularly characteristic of Arkansas. Finally, development agencies such as non-profit development corporations operating under 501(c)(6) status and receiving seed money from cities or counties, are expected to produce positive outcomes, especially early on in the entity's existence. When results are slow to occur, citizens are often left wondering what the purpose is of these entities (Levy 1990, 2-15).

Two Southern micropolitan cities in particular have captured the attention of researchers and practitioners of economic development, because of their success in developing manufacturing clusters. Tupelo, Mississippi has specialized in furniture manufacturing, and Dalton, Georgia is a successful carpet manufacturing cluster. Each city is home to over 200 manufacturers in these respective activities (Schultz 2004, 64, 71, 164). In both cases, the involvement of the local state has been crucial, as has the nurturing of inter-firm relations enabling companies to pool resources and share costs in areas that include labor training, transportation logistics, and marketing (Barkley and Henry 2002, 2-3; Rosenfeld 1997). Both cases are regarded as remarkable, given that smaller cities often lack the necessary institutions and infrastructure to be able to derive the positive benefits of clustering, compared to larger cities (Barkley and Henry 1997). Furthermore, smaller cities are generally less able than larger ones to offer sufficient fiscal incentives to create clusters (Barkley and Henry 2002, 7). As is the case in most Southern states, Arkansas has yet to successfully develop any such micropolitan clusters, though as the three case studies illustrate below, the concept is on the minds of local business communities and governments.

Micropolitan areas of Arkansas and other Southern states are not at a complete disadvantage in the competition for attracting employers. Land in micropolitan areas is not such a scarce commodity as Margit Mayer (1995) proclaims is the case in larger cities. Furthermore, the smaller sizes and the lower population densities of the micropolitan areas make them quite compatible with the overall conservative stated goals of Arkansas's governor Mike Beebe and other state and local leaders, who prefer to place emphasis on the offering of incentives to smaller-scale employers that create 100-300 jobs, instead of placing the state at greater risk by making the larger outlays necessary to attract automobile manufacturing and other larger-scale employers (AEDC 2010).

Besides the creation of economic development entities and partnerships with educational institutions for training, small Southern cities that successfully attract and/or retain investment concentrate on downtown revitalization. Downtowns are a visible sign of the quality of life of a small city (Haque 2001, 275-276). To varying degrees of success, several micropolitan cities of Arkansas attempt to bring about downtown revitalization for the purpose of attracting and retaining investment, although the strategy tends to be secondary to the provision of incentives and the creation of suburban industrial parks due to costs (Perkins 2010).

Economic Promotion and State Government in Arkansas

Key to entrepreneurial governance in Arkansas is the Arkansas Economic Development Commission (AEDC), which functions largely as a clearing house for local development corporations and potential investors. In 1955, Governor Orval Faubus created an early version, the Arkansas Industrial Development Commission (AIDC), to attract manufacturing to the state, and named Winthrop Rockefeller as its first director. The law creating the AIDC also established the right of localities to establish non-profit economic development corporations that could engage in such transactions as issuance of tax-free bonds and the purchase and sale of land designated as industrial sites (Johnson 2000, 112-113).

So influential was the establishment of the legislation that by 1966, economic development corporations existed in some 151 communities in Arkansas (Johnson 2000, 112-113). Thus, there were two categories of supply-side incentives: tax reductions and provision of assets (Winthrop Rockefeller Foundation 1984). Arkansas had two handicaps at the time, however, including federal minimum wage laws that precluded undercutting wage levels below those of other states, and emigration that made manufacturing labor scarce (Johnson 2000, 109, 112). Nonetheless, the AIDC heavily promoted the state in the 1960s-1980s as a low-tax, non-union, and low-wage haven (Cobb 1984, 47-48). During his tenure as chairman of AIDC from 1955 to 1964, Rockefeller oversaw the establishment of some 600 new plants and 90,000 new jobs in Arkansas, and an increase in manufacturing wages of 88 percent that exceeded the national average increase of 36 percent (Ward 2004, 117; Urwin 1991, 28).

Under AIDC tutelage, an important manufacturing trend in Arkansas was the surpassing in both value and employment of the traditional lumber and wood products industry by electrical equipment manufacturing by the early 1980s. In the 1990s, however, the main activity remained poultry processing, a low-wage activity that employed more Arkansans than lumber, timber, and electronics combined (Johnson 2000, 191-211). In the case of Arkansas, as elsewhere in the U.S., the highest value-added operations and the highest wages are enjoyed in larger urban centers, while micropolitan and rural areas tend to enjoy at best the more rudimentary, lower-wage types of manufacturing. Mayer (1995, 234) discusses the emphasis by local governments in large and mid-sized cities on particular economic niches. However, this is rarely successful in micropolitan areas of Arkansas. The latter may see themselves as having some comparative advantage in a small number of activities, but they are far less selective than metropolitan areas and are happy to attract a range of lower-wage and lower-value-added activities. Micropolitan cities of Arkansas have attracted activities ranging from trucking companies and call centers, to apparel manufacturing, poultry processing and even a federal prison.

Micropolitan areas of Arkansas maintain the autonomy to create and finance economic development corporations today, and continue to work closely with the latest incarnation of the AIDC, the Arkansas Economic Development Commission (AEDC). The State of Arkansas and its numerous communities compete for new investment with locations in other states, and with industrializing localities outside the U.S. Given the tougher climate of globalization, statewide consensus had emerged by the 1990s around the need for attracting investment through enhanced education of the workforce, improved infrastructure, favorable fiscal incentives, and increased “technological sophistication” (Johnson 2000, 187-188).

The supply-side policies of the AEDC, designed to attract new business and foment growth of existing business, include subsidies for training and insuring employees, and reductions and rebates of income taxes or sales taxes on equipment purchased as part of an expansion of a given business. Incentives are greatest for manufacturing operations, especially those producing goods that will be sold out of state. Generally, the higher the average wages, the greater the incentives. Somewhat reduced incentives are available for warehousing, corporate headquarters, research facilities, and producer services that derive at least 75 percent of revenues from out of state (AEDC 2010). The amount of incentive is also determined by the county within which a firm establishes its operation. Each county is placed into one of four categories, or "tiers," depending on the rate of poverty, the population growth rate, the unemployment rate, and average income of the county (AEDC 2010).

Case Study 1: Russellville

The Russellville micropolitan area, which includes Pope and Yell Counties, is located in the Arkansas River Valley. Russellville, a city whose population (27,602) is growing, enjoys a favorable situation on I-40, including four interchanges. US Highway 64, which roughly parallels I-40, serves as Main Street, though three interstate highway interchanges are becoming equally important growth poles. Compared to most other micropolitan cities in the state, Russellville has a more urban feel, owing to its larger population, and the higher volume of traffic, especially on the east-west trending Main Street, and the north-south trending Arkansas Avenue (State Highway 7). The Dardanelle and Russellville Railroad (D&R), a short line, links the port area to the main Union Pacific (UP) rail line downtown. The busy Union Pacific rail line, which trends east-west through the city (including the downtown area) links northwest Arkansas, Ft. Smith, the Little Rock-Conway metropolitan area, and points east and south. Russellville is the site of a barge port that handles grains, primarily for poultry feed, and timber products, primarily bark for mulch (Robbins 2009). Barge traffic is possible from as far west as Catoosa, OK, located in the Tulsa metropolitan area, to all navigable points within the Mississippi River system. Russellville's transportation linkages are quite favorable compared to most other micropolitan cities in the state.

The Arkansas Valley Alliance for Economic Development is a 501(c)(6) non-profit entity set up by the city and county governments. As a 501(c)(6), it has the authority under state law to issue revenue bonds for land acquisition and operating costs. It owns the Russellville Industrial Park, located on the city's eastern margins, and offers discounted land there for sale or lease for new employers, primarily manufacturing. Parts of it are accessible to UP's main line, though hilly terrain makes rail access to all of it problematic (Robbins 2009). A second industrial district is located on the south side of the city, adjacent to the barge port, along State Highway 7 that links downtown Russellville with downtown Dardanelle. It is served by the D&R Railroad. The alliance works with the AEDC to attract employers and secure state-level tax incentives. It offers employers abatements of city taxes. Under AEDC incentives, the city in 2008 attracted the National Electronics Warranty (N.E.W.) call center for extended service contracts for big-box retailers, located in a remodeled retail store along the East Main Street commercial automobile strip. The public sector financed much of the remodeling of the N.E.W. facility. Besides N.E.W., most of the city's employers that have taken advantage of subsidies are manufacturers located in the east-side industrial park or the south-side manufacturing district (Pipkin 2009).

Russellville's Proposed Intermodal Transport Facility

Russellville represents for Arkansas a rare micropolitan example of a demand-side entrepreneurial initiative on the part of the local state that, under the aegis of a public-private partnership, is attempting to undertake a large development project. For some ten years, the county, the city, the Dardanelle and Russellville Railroad, and many other economic actors in Pope and Yell Counties have been interested in the creation of an intermodal transport facility that would link barge, rail, and truck traffic (Robbins 2009). In 2003, the city and county together established the River Valley Regional Intermodal Authority, which purchased 298 acres of land adjacent to the Arkansas River, one and a third miles downstream of the present barge port. The land, purchased from the revenues generated by a 1.8 cent city sales tax earmarked for economic development, will be made available at low cost to industries that could benefit from the presence of the different transportation modes (Courier News 2009a). It is expected that the facility will eventually include some 850 acres. The D&R rail line would be extended eastward to link to the facility, which would enable barge and rail cargo to be interchanged as is done in North Little Rock, but cannot be done at the present Russellville port (Robbins 2009; Pipkin 2009). Local economic development and public officials, however, have been frustrated by serious delays afflicting the project. Law suits have been filed, and lengthy negotiations carried out involving the failure to complete a satisfactory environmental impact statement (EIS) and an apparent error in a cultural impact study that allegedly failed to document the existence of historically- and archaeologically-significant artifacts at the site.

The Federal Highway Administration has to approve the plan for the intermodal facility. The U.S. Congress ultimately appropriated funds for the feasibility studies, while the city raised the monies to purchase the land of the initial phase of the project. The construction of the slack harbor is to be financed in large part by congressional appropriation, in the form of ongoing six-year transportation bills that send monies to the states, which then allocate portions to projects of this type. The intermodal port's receipt of its allocation would be forthcoming pending a satisfactory environmental impact study (EIS). The latter considers a wide range of issues, from flood potential and bird migration patterns, to cultural resources and endangered species. An earlier six-year appropriation cycle, which ended in the fall of 2003, included $1 million for the EIS, though additional funds came from state and local sources (Pipkin 2006). One 220-acre tract purchased by the city turned out to contain a Cherokee historic site, thus putting the brakes on the project. The authority had hired an archaeological research firm to ensure that the land was free of such historic sites, so this oversight led to talks of a law suit by the city and the authority against the firm (Courier News 2008). The authority would be responsible for removing artifacts, or would have to create green space where the artifacts are located (Courier News 2007). Furthermore, the U.S. Highway Department held up the permitting of the site pending a positive outcome of an environmental impact study. The site allegedly has potential flooding problems that need sorting out, yet the company carrying out the impact study requested additional monies to complete the study. Whether or not the authority owes the company additional money remains in dispute (Courier News 2009b). The additional impact studies are expected to be completed by the end of 2010 (Courier News 2009b; Reaves 2010).

Officials of the City of Russellville, Pope County, and the Russellville Chamber of Commerce regard the intermodal facility as an important public-private partnership. By making available an intermodal port facility and discounted land adjacent to it, the Alliance would be able to attract business such as poultry companies requiring feed mills adjacent to an intermodal port and adjacent to packing plants, or automotive parts suppliers requiring the shipment by barge of heavy raw materials (Reaves 2010).

Case Study 2: Hope

Hope (population 10,378), seat of Hempstead County and the core city of a micropolitan area comprised of Hempstead and Nevada Counties, is the birthplace of President Bill Clinton and home town of former Arkansas Governor and U.S. presidential candidate Mike Huckabee. The area was heavily oriented toward cotton production until the mid-twentieth century. Since then, the timber industry has dominated the locality's culture and economy, followed by poultry raising and processing, and the production of beef cattle.

Hope is the only example of a demographically "non-majority" micropolitan city in Arkansas. Its Hispanic population, 13.5 percent of the total, is large enough that neither African Americans (43.2 percent) nor Whites (41.8 percent) represent a majority. The population grew during the 1990s because of the Latino influx, owing largely to poultry processing, but its typical post-World War II decline resumed after 2000. Today the population as of July 2008 was 10,378, a decline of 2.2 percent from its 2000 total of 10,616 (City-data 2010).

As is the case in other micropolitan cities, Hope's contemporary geography has been shaped strongly by its transportation infrastructure, including its airport, Interstate Highway 30, and its position along a major rail line. A heavily-trafficked Union Pacific line, linking the company's North Little Rock yards with Dallas, bisects the city roughly east-west. The Kiamichi short-line railroad intersects with the UP line at Hope, and links the city northwestward to Durant, Oklahoma. Among the cargoes are timber-related products and grains for poultry feed (Rail America 2010; UP 2010). Two rail spurs link two industrial districts of the city with the main UP line. Despite its favorable transport infrastructure, the city has remained in the shadows of Texarkana, and to some extent Shreveport and Little Rock. Instead, it has relied upon low value-added (and relatively low wage) activities, such as poultry and timber processing.

The Hempstead County Development Corporation (HCDC) is a non-profit 501(c)(6) organization created in 1986 to use public and private monies to attract and retain employers in and around Hope (Woodard 2010). It is financed by a combination of private donations from local businesses, appropriations from the City of Hope and Hempstead County, and funding from Hope Water and Light, a quasi-governmental utility company. It is a rare example of a development corporation not funded by a sales tax, though it does receive appropriations from the city's general fund (Woodard 2010; Kirchhoff 2010).

The Hempstead County Industrial Park is located four miles northwest of the city adjacent to the municipal airport. The federal government originally established the airport during World War II as the Southwest Proving Grounds, where munitions were tested. Un-fired shells have been found in recent years at the site. In the immediate aftermath of World War II, the DOD deeded the Proving Ground to the FAA. In 1948 the FAA deeded it to the city (Woodard 2010).

The industrial park occupies land at the airport and some adjacent former farmland acquired from the local May family (Lance 2010). The City of Hope owns the airport and the portion of the industrial park located on the original Proving Grounds. Hope Water and Light acquired the old May family farm, which comprises most of the nearly 400 acres across US Highway 278 from the airport. Hope Water and Light was created as a result of legislation by the Arkansas State Legislature in 1957 (Acts 1957, Number 115 of the Arkansas Code), which allowed the city to turn its water and electricity departments into a separate municipal company through establishment of a municipal utility board (Attorney General 1998). The legislation was written at the time specifically for Hope, though it applies statewide (Kirchhoff 2010).

The city government of Hope appoints the five-member board of Hope Water and Light. The advantage that a separate municipal utility company has over utility departments of a city is that a municipal utility company has its own revenue stream that is not tied into the city's general fund; therefore, the company can more easily carry out investments in expansion of capacity or improvement of technology (Kirchhoff 2010). None of the industrial park is located within the city limits of Hope. Thus, it presents an interesting example of the lack of annexation of economically viable land. Nearly half the approximately 400 acres of adjacent farmland are developed. Klipsch (a loudspeaker manufacturer), JMS Metal Services (custom metal cutting and forming), and Funder America, Inc. (a division of Funder, the Austrian company and manufacturer of laminated particleboard) are the three occupants of the industrial park (Woodard 2010).

Temple Inland, a large manufacturer of particle board, occupies land immediately to the north of the industrial park. The peak of the plant's business was during the 1986-90 time period (Woodard 2010). The manufacturer of particleboard is the basis for the evolution of a small production chain involving wood products, thereby raising the question of the degree to which micopolitan cities can in fact formulate production chains. Production during the 2008-10 recession has greatly diminished, though the key players in the chain remain. These include the particleboard maker itself, Funder, Hexion (the plant formerly owned and run by Borden Chemical) that manufactures the resin to hold the wood chips and sawdust together, and Dana Suttles, a transport company that ships resin products from Borden/Hexion to clients in the Camden-El Dorado-Magnolia "Golden Triangle." Thunder America uses particle board to manufacture laminated pieces for furniture sold in big-box discount houses (Woodard 2010).

Enhancing the image of this potential cluster are two companies that carry out treatment of timber products. Anthony Timberlands, Inc. operates a pine lumber treatment plant in Hope (HCDC 2010). Similarly, a new Amerities plant that will chemically treat railroad ties, is slated for opening in 2011, according to company officials. The facility is a refurbished former poultry feed mill just north of the industrial park (Lance 2010).

One might assume that the provision by the development corporation of low-priced land to employers would compete negatively with local commercial real estate companies. However, one local commercial realtor indicates that his and other companies benefit from jobs brought to the area (Lance 2010). Additional jobs create demand for retail establishments and other services that consume commercial properties, though in spite of the relatively high number of employers, the commercial real estate sector has largely stagnated during the past decade (Lance 2010).

Through a lease arrangement with FEMA, the storage of its trailers has been a source of income for the City, to invest in improving the airport (Cook 2010; Woodard 2010). This is an interesting example of a city partnering with the federal government to generate revenues for infrastructure improvement. In the fall of 2005, FEMA approached city officials to express the need for a large parcel of land with abundant concrete surfaces on which to store travel trailers primarily destined for New Orleans in the wake of Hurricane Katrina. The directors approved a lease arrangement, and the trailers were stored primarily on an inoperative runway. As part of the agreement, FEMA constructed a road to connect that runway to the highway, thereby making that runway area useful for future development once FEMA's leasing of the land expires and the trailers are removed (Cook 2010). The use of a closed runway to generate lease revenues and the installation by FEMA of the road access were seen as advantages to the city when administrators and the directors contemplated the deal. A disadvantage is that one of the usable runways is not available while trailers are still at the airport. Between October 2005 and March 2010, the lease arrangement of $55.12 per acre per month generated some $1.35 million for the city, about $400,000 of which has been spent in airport improvements, and another $400,000 is earmarked for future rehabilitation of the the two usable runways (Cook 2010).

Local leaders of the public and private sectors expect that the airport will become an increasingly useful part of Hope's transportation geography. The city must compete with metropolitan and larger micropolitan areas that offer more amenities for industry and employees. The availability of large parcels of land will no doubt be attractive to potential employers. Like other micropolitan cities of the Arkansas timberlands region, the fortunes of Hope remain uncertain, especially given the persistence of global economic recession throughout 2010. The downtown shows signs of partial abandonment, disinvestment, and low rents, despite efforts to capitalize on the museum dedicated to local political celebrities. If Hope is to rebound, it will require amenities in addition to inexpensive land.

Case Study 3: Blytheville

Blytheville (population 16,105), located in far northeastern Arkansas in the Delta region, is a city that has faced considerable economic challenges over the past two decades. Apparel manufacturing, an activity that played a large role in the local economy through much of the twentieth century, disappeared by the 1980s. Complicating matters, Eaker Air Force Base, a training facility during World War II and B-52 facility from 1960 onward, closed in 1992 (Aeroplex 2010). In an attempt to reverse its fortunes since then, the locality has attempted to develop a niche in two areas: steel and aircraft maintenance. Entrepreneurial governance is a strategy employed vigorously in Blytheville to reverse the city's misfortunes. There are some visible signs of success, while some indications exist that the city has a ways to go. Steel manufacturing and aircraft maintenance stand out as successful generators of employment, while empty store fronts both in the downtown and in suburban shopping centers remain conspicuous. The city has some clear location- and transportation-related advantages that have enabled its employment base to be cushioned from the worst possible effects of the closure of Eaker Air Force Base in 1992, including Interstate Highway 55 that links Memphis and St. Louis, the navigable Mississippi River, and a Burlington Northern Santa Fe rail line.

Blytheville's economic promotion is unique in that it is more strongly county wide than other micropolitan areas, owing to the size and economic significance of the county's second largest city, Osceola (pop. 8,875). No other micropolitan area of Arkansas has such a substantial second city. Economic promotion is unique additionally from the standpoint that the economic development corporation, the Mississippi County Economic Development Area (MCEDA), a non-profit entity with 501(c)(3) status that, though quite active, is not itself funded by a sales tax, and therefore is not in a position to buy property for resale as is the case in most micropolitan cities of Arkansas. MCEDA instead receives donations from area businesses and small appropriations from the county, and it assists companies in finding land sold by private landowners. Incentives that are made available to companies new to the area, or to existing companies wishing to expand, are provided by the county government based on a case-by-case vote by the Mississippi County Quorum Court (Friedman 2008; Chitwood 2010; Wilkey 2010). The county's budget for economic development comes from a 1/2 cent sales tax, barely voted in by Mississippi County voters in 2003. The MCEDA makes recommendations to the court regarding the provision of incentives, and pursues the acquisition of additional incentives from the State of Arkansas (Chitwood 2010).

The industrial landscape of Blytheville upon which economic development depends is dominated by large, capital-intensive sites. All are suburban sites where land costs and property taxes are low. They include the Arkansas Aeroplex (formerly Eaker Air Force Base) northwest of the city, the Nucor and Nucor-Yamato steel plants east of the city, and the Blytheville Industrial Park, a suburban business park on the city's near east side, between I-55 and the steel plants. Unlike the typical micropolitan pattern in Arkansas, the Blytheville Business Park consists of private lands not owned by the city, the county, or the economic development corporation (Chitwood 2010).

The Arkansas Aeroplex at Blytheville

Local leaders had suspected for several years that the base closure would be announced, so they carried out public meetings to formulate a plan for the economically viable use of the facility once the closure occurred and the facility was given over to the Blytheville-Gosnell Regional Airport Authority. The latter is an entity established upon closure of the base by then Governor Jim Guy Tucker and whose board, comprised of local citizens, is appointed by the governor. Among the solutions agreed upon as a result of the public meetings was to capitalize on the 11,600 foot runway, the longest in Arkansas, to tap into the national aviation maintenance and air cargo industries (Chitwood 2010; Greene 1999).

This strategy has been at least partly successful. Not all of the businesses at the Aeroplex are related to aviation, but the facility's largest employer is. Aviation Repair Technologies (ART), which opened a plant and its headquarters there in 2008 after receiving incentives from the county and the Arkansas Economic Development Commission (AEDC), now has three operations at the facility. Its most important, and the first to open, conducts inspections and repairs of turboprop commuter airliner airframes, and some additional components such as landing gears (Chitwood 2010). Indeed, French- and Italian-made ATR 42 and ATR 72 turboprop aircraft can now and again be observed flying over Blytheville. Of the $2.75 million in county incentives directed toward the company, $1 million was provided for infrastructure, and $1.75 million was granted for the cost of renting several buildings (Friedman 2008). A second incentive package of $2 million in local and state funds was approved in April 2010 by the Quorum Court for expanding the company's facility to carry out airframe inspections, and eventually engine repairs, of larger jet airliners (Wilkey 2010; Chitwood 2010). The U.S. Congress, upon the urging of three members of the Arkansas congressional delegation, completed the incentive package with an additional $1.2 million in federal funds early in September 2010 (Arkansas Business 2010a).

Another of ART's divisions is a facility that contracts with Air France and KLM to take apart jet engines to salvage the usable parts as surplus and scrap those parts that have exceeded the legal number of flight hours. ART additionally operates a storage facility for 727s and other jet airliners inspected periodically so that they can be brought back into operation when needed, or sold (Chitwood 2010). Furthermore, the two-year Arkansas Northeastern College has begun an aircraft maintenance program designed to prepare students to take the FAA certification test for air frame and engine maintenance (Friedman 2009). Clearly, the aviation business is viewed by local and state officials as an essential component of the growth of the economy of the Blytheville micropolitan area, and government entities emanating from all levels offer incentives and training to enable that economic sector to survive during the current economic recession.

The success of Aeroplex comes despite some financial and transport-related limitations. There are no rail spurs linking the facility with the BNSF line, which limits the types of businesses that can locate there. Second, the facility is not directly located adjacent to Interstate I-55, thereby making the location somewhat less attractive for industries requiring constant truck access. Thirdly, the MCEDA has neither a large enough operating budget or a corresponding development philosophy that would enable it to build a plant or other building on speculation (Chitwood 2010). Furthermore, because the countywide vote in favor of the 0.5 percent sales tax for economic development in 2003 was extremely close, resulting in a victory of only 63 votes, economic promotion officials feel somewhat of a need to be conservative in the provision of incentives. Incentives not only must be approved by Quorum Court, but also by the board of MCEDA (Chitwood 2010). This somewhat hampers the ability of Blytheville to compete with communities nationally who more aggressively offer potential employers generous and costly land parcels, infrastructure, buildings, and fiscal incentives.

The Steel Industry of Blytheville

The creation in 1987 of the first of the steel mills, the Nucor-Yamato I-beam plant, roughly coincided with the closing of the air base. This enabled the community to avoid to some extent the ghost-town conditions that typify many places that experience such base closures. Still, unemployment remained high after the base closing; therefore, it was welcomed when the news arrived that the Nucor sheet metal plant would open in 1992 (Greene 1999). Both plants have subsequently been expanded, prompting local economic development officials to focus on attracting businesses that can enlarge the local steel-related production chain, especially in the case of companies fabricating products from the steel produced locally. The AEDC has provided incentives for, among other things, the reduction of sales taxes on equipment purchased as part of the expansions (Arkansas Business 2010b). The plants together employ 2,300 people (Nucor-Yamato 2010; Arkansas Business 2010b). They share a private barge port connected by rail spur. There is some speculation that the port will be expanded by the Blytheville-Mississippi County Intermodal Authority into an intermodal facility with a new slackwater harbor to handle barge, rail, and truck traffic at one site (Arkansas Waterways Commission 2010).

Local officials discuss the fairly large scale of the Blytheville "laborshed," or region from which employees commute. They point to a study conducted by a Little Rock consulting firm that Nucor, Nucor-Yamato, and other metal fabricators in Blytheville draw employees from a large area that includes all of Mississippi County and four adjoining Arkansas counties, Dunklin and Pemiscot counties of extreme Southeast Missouri, and Dyer County in far northwest Tennessee. Manufacturing accounted for an impressive 22 percent of regional employment in 2008 (Boyette 2010). The city's relatively strong manufacturing economy reveals an interesting paradox. The county's unemployment rate in May 2010 of 11.5 percent was 2.2 percentage points higher than the national average of 9.3 percent, and 4.1 points higher than the state average of 7.4 (MCEDA 2010). Clearly the manufacturing-oriented economic growth of Blytheville, which draws upon labor from three states, has not translated to a recession-proof local market in retail store space, either downtown or along the main commercial thoroughfare connecting downtown and the interstate highway. There are several empty storefronts in the downtown core, and unoccupied strip malls in the city's east side. Downtown occupancy in mid-2010 stood at around 60 percent (Perkins 2010).

Blytheville in many ways has survived the closing of Eaker Air Force Base and the disappearance of textile manufacturing. Aviation and steel and related manufacturing have bolstered the local employment base, though the above-average unemployment rate among Blytheville's residents reflects a national trend of lengthy commutes and ever-expanding micropolitan laborsheds (Adams and VanDrasek 2007, 43, 51, 62). Furthermore, the city's population and residential construction remain stagnant, even while Blytheville's plants are humming, and local and state incentives continue to retain or expand them. Though the economic development community of Mississippi County would like to attract additional employers to the area, the incentive policies are geared more strongly toward retaining businesses already there, including their expansion. As is typical of micropolitan cities of Arkansas, more than half of the employment generated by incentives is the result of such expansion (Chitwood 2010).

The Three Case Study Cities: Similarities and Differences

The three case study cities illustrate some of the commonalities in local governmental efforts to pursue economic development in micropolitan cities of Arkansas (see Table 2). All micropolitan areas of Arkansas rely on the AEDC to broker agreements and provide incentives to attract and retain employers. Because of size and lack of abundant cultural resources and entertainment districts, the three cities share in common a diminished ability, compared to larger cities, to attract high-tech, high-skilled activities that offer more favorable salaries to bring about and sustain cultural and entertainment amenities. The three cities compete with large numbers of other small cities of the U.S. primarily for manufacturing jobs that offer modest wages, and secondarily for low-skill service jobs like call centers.

Due largely to size, the three cities, and other micropolitan cities of Arkansas, simply lack the resources that larger cities have to finance construction of sports arenas, office complexes, and the like.

Table 2: Recipients of AEDC Incentives in the Three Micropolitan Areas, 2003-2010

Blytheville:□
Aviation Repair Technologies LLC (aviation maintenance)□Bishop Welding (metal fabrication)□Blytheville Plate Works, Inc. (steel fabrication)□IPSCO Tubular, Inc. (steel fabrication)□JMS Processing, Inc. (steel fabrication)□Nucor Steel (steel)□Nucor-Yamato Steel (steel)□PIZO Operating Company (steel processing)□Tenaris Hickman, LP (steel products)

Hope:□
Brentwood Industries (thermoplastics)□CPI Holdings, LLC (automobile parts)□Government Sewing and Apparel, LLC (apparel)□JMS Metal Services, Inc. (metal processing)□Southern Bakeries, LLC (food products)□Tyson Chicken, Inc. (poultry processing)

Russellville:□
ACC Inc. (laser cutting)□Alcan Packaging-Thermaplate, Inc. (industrial packaging materials)□Bibler Brothers Lumber Co. (wood products)□ConAgra Frozen Foods (food processing)□Industrial Power, Inc. (metal processing)□Innovative Molding, Inc. (plastic products)□International Paper Company (paper products)□Mahle Engine Components, Inc. (automotive parts)□N.E.W. Customer Service Co. (call center)□Taber Extrusions, L.P. (aluminum fabriation)□Tyson Poultry, Inc. (poultry processing)

Source: Unpublished data, Arkansas Economic Development Corporation, 2010

These structural issues that limit the abilities of micropolitan areas to compete with metropolitan areas might suggest that the former have a standardized set of policy options. However, as Russellville, Hope, and Blytheville illustrate, each locality approaches economic development somewhat differently. First, while all micropolitan cities in the state have non-profit economic development corporations, they are not all funded the same. Russellville's is financed by a dedicated municipal sales tax while Blytheville's is funded by a dedicated county sales tax. Hope's is funded by a combination of membership dues, much like chambers of commerce, and appropriations by city and county governments and the quasi-public utility company. Secondly, the ownership arrangements of land in industrial parks differ. Whereas in Hope the utility company owns and sells it, in Russellville the economic development corporation takes on those functions. In Blytheville, the land is privately owned in the original industrial park, and the Aeroplex includes land and buildings donated by the State of Arkansas. Third, while all three cities try to diversify the types of employers they attract, they also attempt to create specific niches, albeit to varying degrees, and with varying success.

Two of the three cities focused upon in this study have had some success at developing economic niches, though not exclusively. Blytheville has partially developed a steel complex, and through the workings of local governance, community leaders are attempting to duplicate this success into an aviation-related complex. Hope has created something similar in the form of timber products at various stages of the supply chain. Clearly the niche activities have remained modestly healthy in the two cities, both of which are located in economically stagnant regions of the state. However, the struggling downtowns and real estate markets of Blytheville and Hope would suggest that their manufacturing activities draw employees largely from nearby counties, and they do not generate ample wages to produce a sufficient multiplier effect within the cities themselves. It is interesting to note, however, that Russellville is the healthiest of the three cities in terms of population growth, the commercial and residential real estate markets, and downtown revitalization, while creating a somewhat more diverse manufacturing base and less of a specific supply chain niche. It is located in a more dynamic area that benefits from its reasonably good proximity to both the Little Rock and Northwest Arkansas metropolitan areas.

These three case studies raise the question of whether the most important factor underlying a micropolitan city's fortunes is its regional history and location, or the type of industry that is dominant. Notwithstanding the success of Tupelo's and Dalton's clusters, the answer appears to be that diversification leads to greater success than the development of niches. Clearly, more research is needed on small city entrepreneurial governance to complement that which appears in the literature on larger cities. Otherwise, this aspect of urban studies will remain incomplete.

Conclusions and Further Research

This research is an attempt to generate primary data that will make light of the neglect of small cities in the literature on urban governance and economic development. Urban economic development in small Southern cities is widely touted as the working of the "free market." In reality, however, it depends substantially upon local and state government to enhance those localities' fitness to compete nationally and internationally for investment, or even to retain their current employment base. The provision of local incentives such as tax abatements and discounted land as a way to attract or retain business remains controversial in academic circles and among voters. In most micropolitan cities of Arkansas, including Russellville and Blytheville, voters have approved sales taxes dedicated to these pursuits. This subtle but important form of entrepreneurial governance is increasingly common in the state, though the particular attributes of each location, including the nature of the workforce, transportation linkages, and the actions of local agents may be equally important factors underlying increases or decreases in investment in micropolitan cities. Thus, additional research on more cities is needed to create a theory of micropolitan economic development, and to broaden theories of urban entrepreneurialism in general by including the micropolitan category.

Civic leaders and economic promotion personnel in micropolitan cities of Arkansas express the need to move beyond traditional manufacturing activities that are vulnerable to the current economic downturn and stiff competition with, if not blatant outsourcing to, developing countries, including apparel manufacturing and wood processing. They additionally express the difficulties of competing with larger urban areas for high-tech activities, given the somewhat less diverse skill sets of their workforces. For micropolitan cities of Arkansas, economic promotion remains somewhat limited to rudimentary or semi-complex manufacturing, wholesaling, distribution, call centers, and the like, rather than engineering, high-tech manufacturing, or knowledge-driven producer services. This limitation means that large-scale demand-side public-private partnerships in high-technology sectors of the economy are unlikely to get off the ground in the state's micropolitan areas, compared to Little Rock, Memphis, and other sizable metropolitan areas of the Mid-South. It may be reasonable to conclude that micropolitan cities are closer to being larger versions of towns and small cities than small versions of metropolitan cities, in terms of their potential for economic promotion. The absence of theory relating city size and governance strategies for economic promotion needs to be remedied. This essay is a call for such an evolution of the theory.

Small cities of Arkansas attempt to capitalize, often with success, on their reputations as hard-working, humble, non-unionized communities. However, as is commonly discussed within urban studies, this strategy comes with a price. Successful cities that attract technology-oriented companies based on quality of life require a well-paid populace willing to support downtown revitalization, shop in boutique stores, and visit bistros. The marketing of localities based on the merits of a low-wage workforce, coupled with financing of incentives by scarce public resources, create a paradox for micropolitan cities of Arkansas.

Further research is needed to determine the kinds of strategies that the public and private sectors employ in micropolitan areas to bring about economic development. Case studies of more micropolitan cities are needed to determine the extent to which the kinds of demand- and supply-size strategies employed in larger cities are practiced in smaller cities. Such studies are also needed to shed light on the variability of entrepreneurial strategies employed in micropolitan cities across the country, and the reasons for the variability from place to place. For example, the degree to which such factors such as transportation linkages and distance from larger cities underlie the variability from city to city should be addressed. Rates of population growth or decline of micropolitan areas may well impact upon the kinds of strategies available to them. Studies are needed to determine how the different states' economic development policies and incentive arrangements produce different outcomes in micropolitan areas across the country. Finally, local histories and the initiatives of local stakeholders, individually and collectively, no doubt come into play in understanding the varied responses of micropolitan cities across the country to the increasingly complex and competitive global economy.

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