

Economic Development and Community Development

The Distinction Matters... Especially in Rural Areas

Andrew J. Van Leuven, Ph.D.

Oklahoma State University

Dept. of Agricultural Economics



Overview

- **Basics**
 - What is economic development?
 - What is community development?
 - How are both types of development related?
- **Unique rural challenges**
 - Why is rural development different?
 - Economic realities that make rural development more challenging
- **Thinking through some solutions**
 - What the “textbook” says
 - My specialty: rural placemaking
 - Your specialties & ideas



What is Economic Development?

- Economic: something to do with money or resources
- Development: something to do with increasing or improving things
- Not much disagreement about the first part, but the second part has some room for debate
 - Are “growth” and “development” the same thing?
 - Whatever we decide development means, can it be a *value-neutral* idea?
- So what is economic development?



What is Community Development?

- Community development has nothing to do with creating jobs, creating wealth, or growing the economy.
- It is simply the process of making a community a better place to live and work
- What are some examples of community development?



Economic vs. Community Development

- Community development is about **setting the table** for success.
- A necessary—but not *sufficient*—condition for economic development to occur
- While distinct activities, it is best to think of them together. Thus, **community economic development** is a holistic process aimed at:
 - enhancing economic opportunities for community residents
 - fostering the economic, social, civic, and cultural well-being of the community
- One without the other → unhealthy economy
- Goals include:
 - Revitalize communities, build wealth, encourage entrepreneurship, create jobs, develop or rehabilitate affordable housing, promote sustainability, attract investments



Unique Rural Challenges

- Why is rural development different?
- Economic realities that make rural development more challenging



What makes rural different?

- The obvious:
 - rural areas are small
 - they're less densely populated
 - they're closely linked with extractive economic activity (agriculture, mining, tourism)
 - they typically operate with a smaller administrative budget
- Less obvious:
 - starting a business involves less bureaucratic "red tape"
 - industry diversity (the number of sectors that a region specializes in) is often relatively low
 - for business owners, some costs are higher; many are lower



What makes rural more challenging?

- Agglomeration is more efficient!
- Density leads to:
 - Lower costs for materials (input sharing)
 - Easier search for workers (labor pooling)
 - Learning from each other's mistakes (knowledge spillover)
- Businesses must weigh the pros and cons of a given rural “market area” in terms of its size and density

(more ground to cover + fewer people to serve)



“Solving” the problem

- What the “textbook” says
- My wheelhouse: rural placemaking (an achievable first step)
- Your ideas and experiences

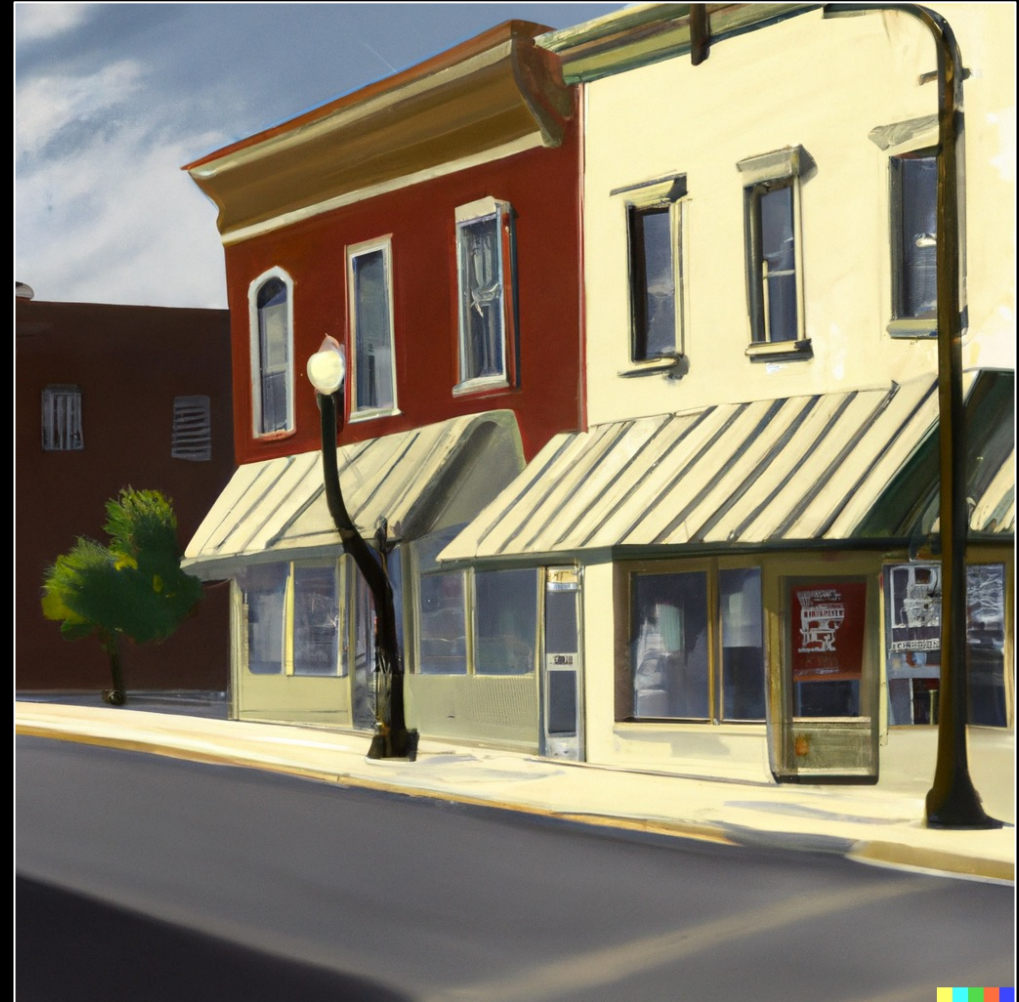


What the “textbook” might say

- **First Wave:** industrial recruitment through financial incentives (often referred to as “smokestack chasing”)
- **Second Wave:** shift toward retention & expansion existing firms (small business & entrepreneurial development)
- **Third Wave:** focus on shaping the community into a place worth investing in (community development), specific focus on quality of life and quality of workforce
- **Fourth Wave:** shift toward environmental & ecological sustainability, social equity, and public participation

“That’s all well and good, but...”

Rural places may not have the luxury of focusing on the newest wave(s) of economic development.



Rural Placemaking

- Placemaking involves efforts to rejuvenate a community's look and feel by shaping the built environment around the community's culture, heritage, and symbolic meanings.
- Downtown is the “living room” of a community. When a guest walks into your house, how do they form their first impression?
- The quality of your town's Walmart reflects back on Walmart. But like it or not, the quality of your town's central business district reflects back on... your town.
- Placemaking alone does not create jobs, but it helps “clean the living room” of your community, transforming it into a place worth investing in.
- Turns an “anywhere” into a “somewhere”



Rural Placemaking Works!

- The research **My research** backs it up!
 - Job growth (modest, but possible)
 - Property values (same)
 - Business longevity (coin toss)
- Placemaking is an investment in built capital and cultural capital.
- Strong built and cultural capital can pave the way for investments in other types of capital.
- Conversely, weak built and cultural capital can lead to disinvestment and missed opportunities for broader rural community & economic development.





...What are your ideas and experiences?



Thank you!

andrew.vanleuven@okstate.edu