Community Development, Economic Development, or Community Economic Development?

An Introduction
Frontpage of CED

Community Economic Development

A Professional Development Series for UW-Extension Faculty and Staff

Community economic development has been a focal point of Extension educational programming for over 25 years and remains critical to the mission of Cooperative Extension and the University of Wisconsin Extension. Extension educational programming in community-economic development can take many forms from facilitating community discussions to providing technical economic analysis on a particular issue. The comfort level amongst UWEX faculty and staff in community economic development, however, is mixed. For some community economic development is a focal point of their programming and it is very comforting with a range of audiences. Others are less comfortable and are unsure of what community economic development is, and is not, and the role that they can play.

This website is aimed at providing all UWEX faculty and staff with professional development opportunities in community economic development. The website could be used as a starting point for those who are less comfortable with community economic development or as a place for more advanced training in new local area fund and grants. Alternatively, one could think of this website as a “one-stop shop” for training and educational materials on community economic development.

Introduction: What is Community Economic Development?

“Community Economic Development” is a merger of “community development” and “economic development.” Community development is traditionally thought of as focusing on building the social and political capital of communities through community organizing and building of local institutions (leadership, business associations, effective government, community organizations, etc.). Economic development is focused on creating an environment that is conducive to economic opportunities. Often times this is narrowly thought of as job growth, but economic development is much broader.

A Systems Approach to Community Economic Development

Two approaches or ways to think about community economic development through the lens of systems “thinking” are outlined. The first is the Shaffer Star model points to the community’s resources (land, labor, capital including both built and natural), markets (a capitalist economy), rules (laws), society (acceptable behavior), decision-making (going about to get the most of a problem). The second is the community capital framework as suggest by Nel and Sam Frela. The Frels argue that there are seven capitals: financial capital, political capital, social capital, human capital, natural capital, natural capital, and built capital. Various communities require investments in each of these capitals. There is significant overlap between the Frels’ community capitals and the Shaffer Star and both provide a framework to think about the community, as a system.

The Shaffer Star: An Overview

The Shaffer Star: Variables of Supply and Demand

The Shaffer Star: Workforce

The Shaffer Star: Goods

The Shaffer Star: Market

The Shaffer Star: Resources

The Shaffer Star: Space

The Shaffer Star: Trade and the Shaffer Star

The Frels’ Community Capitals

Community Capital: Social Capital

Community Capital: Natural Capital

Community Capital: Built Capital

Community Capital: Human Capital

The Rules that Practitioners and Extension Educators can Assume
What is “Community Economic Development”?

Depends on who you ask!

(Phillips and Pittman) “Most practitioners think of community [economic] development as an outcome – physical, social, and economic improvement in a community – while most academicians think of community [economic] development as a process – the ability of communities to act collectively and enhancing the ability to do so.”
Attempts at a definition:

(Green and Haines) “Democratic efforts to build assets that increase the capacity of residents to improve the quality of life in their locality.”

(Cawley) "...a deliberate, democratic, developmental activity focusing on an existing social (/economic) and geographical grouping of people who participate in the solution of common problems for a common good."

(Darby and Morris) "...an educational approach which would raise levels of local awareness and increase the confidence and ability of community groups to identify and tackle their own problems."
Attempts at a definition:

(Dunbar) "...a series of community improvements which take place over time as a result of the common efforts of various groups of people. Each successive improvement is a discrete unit of community development. It meets a human want or need."

(Huie) "...the process of local decision-making and the development of programs designed to make their community a better place to live and work."

(Long) "...an educational process designed to help adults in a community solve their problems by group decision making and group action."
Attempts at a definition:

(Plock) "...the active voluntary involvement in a process to improve some identifiable aspect of community life."

(Wilkinson) "...acts by people that open and maintain channels of communication and cooperation among local groups."

(Warren) "...a process of helping community people analysis their problems, to exercise as large a measure of autonomy as is possible and feasible, and to promote a greater identification of the individual citizen and the individual organization with the community as a whole."
Attempts at a definition:

(Shaffer) “...the creation and implementation of strategies to promote the economic well-being of the community.”

(Deller) “...the process of identifying and analyzing economic issues and the creation and implementation of a set of specific policies aimed at enhancing the economic opportunities of community residents.”

Common Themes
- process, as opposed to "putting out fires"
- citizen involvement => citizen "solutions"
- educational
- vitality, betterment, quality of life
- economic opportunities
- change
Attempts at a definition:

Community Development:
  building community assets
  building community institutions
  building community capacity

Economic Development:
  building economic opportunity
  enhancing economic well-being
  building a resilient economy

Community Economic Development:
  balancing economic development with social, cultural and environmental desires
Attempts at a definition:

A “Triple Bottom Line” Approach?

Economics

Community

Environment

Community Economic Development
Some Background:

“Positive” vs “Normative” Economics

**Normative** economics speaks to what *should be*...

**Positive** economics speaks to *what is*, was and will be ....

Normative is value laden and positive is objective analysis.

- Values vary across individuals and communities.
- The CNRED Educator’s values are secondary to the community’s.
Some Background:

Growth vs Development

Growth implies *quantitative* change, development emphasizes *qualitative* improvements.

- Growth means more of the same ... more jobs, more income, etc.
- Development means using resources to enhance human welfare
- Development can include growth, but not necessarily vice versa

Continuing debate over whether growth is a necessary condition for development. Can you have development without growth? Depends who you ask.
## Some Background:

### Growth vs Development

<table>
<thead>
<tr>
<th>Growth</th>
<th>Development</th>
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</thead>
<tbody>
<tr>
<td>• We want more jobs</td>
<td>• We want quality of life</td>
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<tr>
<td>• We want more businesses</td>
<td>• We want economic security</td>
</tr>
<tr>
<td>• We want more residents</td>
<td>• We want economic opportunities</td>
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<tr>
<td>• We want more tax base</td>
<td>• We want resilience</td>
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<tr>
<td>• Any growth is good</td>
<td>• We want balanced growth</td>
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<tr>
<td>• More, more, more...</td>
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Some Background:

Growth vs Development

So ... 

If your community is adding jobs but the average earnings per worker are declining, is that growth or development?

If you work with a local chamber of commerce to provide more effective mentoring services to new local small business owners, is that growth or development?

If you create and run a Badgerville Leadership program, is that growth or development?
Are all communities ready for economic development?

In the simplest sense, no.

- Economic development within the community presumes that certain local institutions are in place and functional (e.g., leadership, citizen participation, viable local business organizations, etc.).

- In the strictest sense, community development is a necessary but not sufficient condition for economic development.

- Asset building (e.g., skills and capacities of individuals, associations and institutions within a locality) lays the foundation upon which economic development is built.
There must be a balance between the process of community economic development and the quality of the content of the educational programming.

As Cooperative Extension Educators we aim to improve the level of understanding of issues and options through enhanced knowledge while helping the community move forward via effective decision-making.

In the end we aim to help the community make more informed decision: information is research based knowledge and making the decision is the process.
o One of the difficulties with the study and practice of Community Economic Development is the interdisciplinary nature of the problem.

o The community is a complex system and a systems thinking approach is required.

o Two paradigms or frameworks are offered to help put structure on the system:

  - Shaffer Star
  - Floras’ Community Capitals
Can we get our head around it?

*Everything is interconnected*, or as an economist would say, everything is endogenous.

- Post WWII the tendency was to be narrowly focused, mostly on recruiting manufacturing firms: “shoot anything that flies, claim anything that lands”

- 1960s-1970s a more “holistic approach” was adopted (environmental movement, civil rights, etc.)

- 1980s-1990s swing back to more focused efforts (holistic approaches were just too unmanageable)

- 2000s-today swinging back to holistic via “systems thinking” but more focused on economic opportunities.
Its impossible to work on the whole puzzle at once, you need to focus on parts but keep the whole puzzle in mind.
It is bottoms up
It is integrative
It is strategically driven
It is collaborative
It is interactive
It is multi-dimensional
It is reflective
It is asset based
It is based on theory
It is based on analytics
Recommended Readings
(Three books you should have on your shelf.)


