



# Community Economic Development: An Overview of Concepts

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# Community Development, Economic Development, or Community Economic Development?

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.”



## What is “Community Economic Development”?

Boothroyd and Davis (1993) break CED up into its individual parts to identify key elements, for example

Community → collections of interconnected people

Economic → relates to employment and income

Development → betterment or improved well-being



## What is “Community Economic Development”?

### "Community"

Years ago the notion of a community may have been easily defined: people lived, worked, shopped and went to church in a well-defined spatial area. The sense of place and community were easily identified. Today people live in one place, work in another and shop in yet a third. Our notion of place and community has broadened beyond simple municipal boundaries.



## What is “Community Economic Development”?

Merriam-Webster definitions

Community: “a unified body of individuals”

- the people with common interests living in a particular area;
- a group of people with a common characteristic or interest living together within a larger society;
- a body of persons of common and especially professional interests scattered through a larger society;
- a body of persons or nations having a common history or common social, economic, and political interests;
- an interacting population of various kinds of individuals in a common location



## What is “Community Economic Development”?

### "Community"

- Political interests define different community boundaries.
- Economic interests define different community boundaries.
- Social interests define different community boundaries.
- Any definition of a community’s boundaries must select those associations or common interests most important for the concern being examined.



What is “Community Economic Development”?  
“Economic”

Merriam-Webster: “...of or related to the production, distribution and consumption of goods and services.”

Drawn from random intro economics textbooks:

“How does one allocate scarce resources in order to maximize well-being?”

Or/

“It analyzes the costs and benefits of improving patterns of resource allocation.”



## What is “Community Economic Development”?

“economic system”

“...is a system of production, resource allocation and distribution of goods and services within a society or a given geographic area. It includes institutions, entities, decision-making processes that comprise the economic structure of a given community. As such, an economic system is a type of social system.”

Capitalism

Communist

Market based socialism





## What is “Community Economic Development”?

Capitalism generally features the private ownership of the means of production (labor, capital) and a market economy for coordination.

Socialist economic systems (all of which feature social ownership of the means of production) can be subdivided by their coordinating mechanism (planning and markets) into planned socialist and market socialist systems.



## What is “Community Economic Development”?

### TRADITIONAL CAPITALISM

You have two cows. You sell one and buy a bull. Your herd multiplies, and the economy grows. You sell them and retire on the income.

### SOCIALISM

You have 2 cows. You give one to your neighbor.

### COMMUNISM

You have 2 cows. The State takes both and gives you some milk.

### FASCISM

You have 2 cows. The State takes both and sells you some milk.

### AN AMERICAN CORPORATION

You have two cows. You sell one, and force the other to produce the milk of four cows. Later, you hire a consultant to analyze why the cow has dropped dead.

### AN AUSTRALIAN CORPORATION

You have two cows. Business seems pretty good. You close the office and go for a few beers to celebrate.



## What is “Community Economic Development”?

There is no “one” economic system, but rather a blending of different elements of different systems. In the U.S. we function under a capitalist market economic system (private property rights, ownership of the factors of production).

## Hall and Soskice...“Varieties of Capitalism”

But the “rules of the game” (formal and informal) vary across societies.

Example: “discount rates”: do you want one hamburger today or two hamburgers tomorrow?

Americans:	very high discount rates....we want it and we want it now!
Europeans:	moderate discount rates...five plus year planning horizons
Asian:	lower discount rates...ten plus year planning horizons
Native Americans:	very low discount rates...seven generations



## What is “Community Economic Development”?

### “Development”

Merriam-Webster: “the act or process of developing; growth; progress”

This is too narrow and restrictive for our purposes. In our context “**Development**” is akin to enhancing “**Quality of Life**” within the community.

But, here we are faced with making a *normative* statement. How do we proceed?



What is “Community Economic Development”?

## “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 CED practitioner’s values are secondary to the community’s.



## What is “Community Economic Development”?

### 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.



# What is “Community Economic Development”?

## Growth vs Development

### Growth

- We want more jobs
- We want more businesses
- We want more residents
- We want more tax base
- Any growth is good
- More, more, more...

### Development

- We want quality of life
- We want economic security
- We want economic opportunities
- We want balanced growth



## What is “Community Economic Development”?

### 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?





## What is “Community Economic Development”?

(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.



## What is “Community Economic Development”?

(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."

(Kenyon) “Community economic development is about identifying and harnessing local community resources and opportunities and stimulating sustainable economic and employment activity.”



## What is “Community Economic Development”?

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

(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."

(Perry) "...will involve a comprehensive, wide ranging program of activities for the overall improvement of the locality as a place to live and work."



## What is “Community Economic Development”?

(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.

Boothroyd and Davis: “However CED is practiced, the general objective is the same: to take some measure of control of the local economy back from the market and the state.”



## What is “Community Economic Development”?

(Perry) “...will involve a comprehensive, wide ranging program of activities for the overall improvement of the locality as a place to live and work.”

(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.”



## What is “Community Economic Development”?

### Common Themes

- process, as opposed to "putting out fires"
- citizen involvement => citizen "solutions" (bottom up)
- educational (capacity building)
- vitality, betterment, quality of life (place-making?)
- economic opportunities
- change



## What is “Community Economic Development”?

### Community Development:

- building community assets
- building community institutions
- building community capacity

### Economic Development:

- building economic opportunity
- enhancing economic well-being

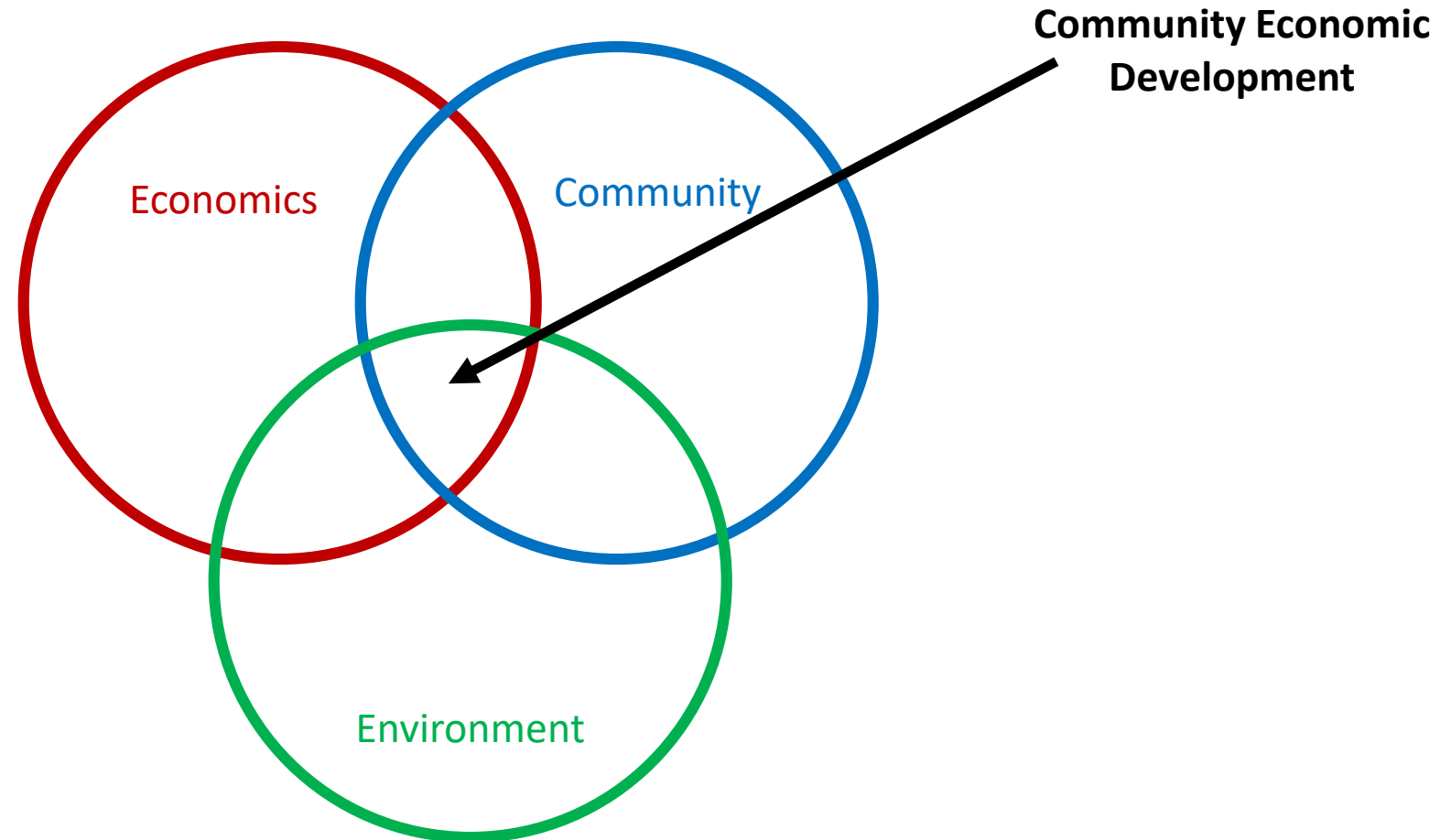
### Community Economic Development:

- balancing economic development with social, cultural and environmental desires



# What is “Community Economic Development”?

## A “Triple Bottom Line” Approach?





## What is “Community Economic Development”?

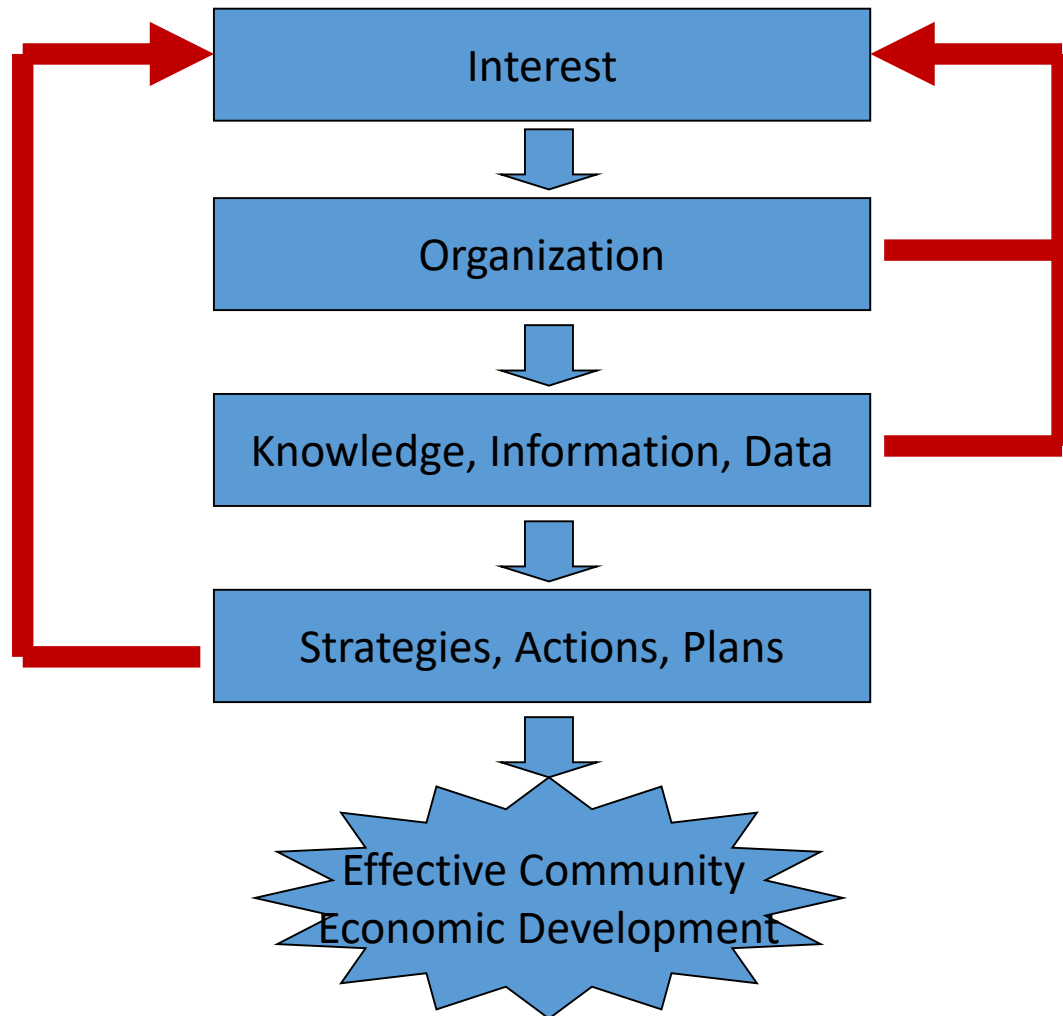
Are all communities ready for economic development?

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.



## What is “Community Economic Development”?



There must be a balance between the **process** of community economic development and the quality of the **content** of the educational programming.

As CED practitioners 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.

## What is “Community Economic Development”?

### Summary

Community Development → building community assets.

Economic Development → creating economic opportunity.

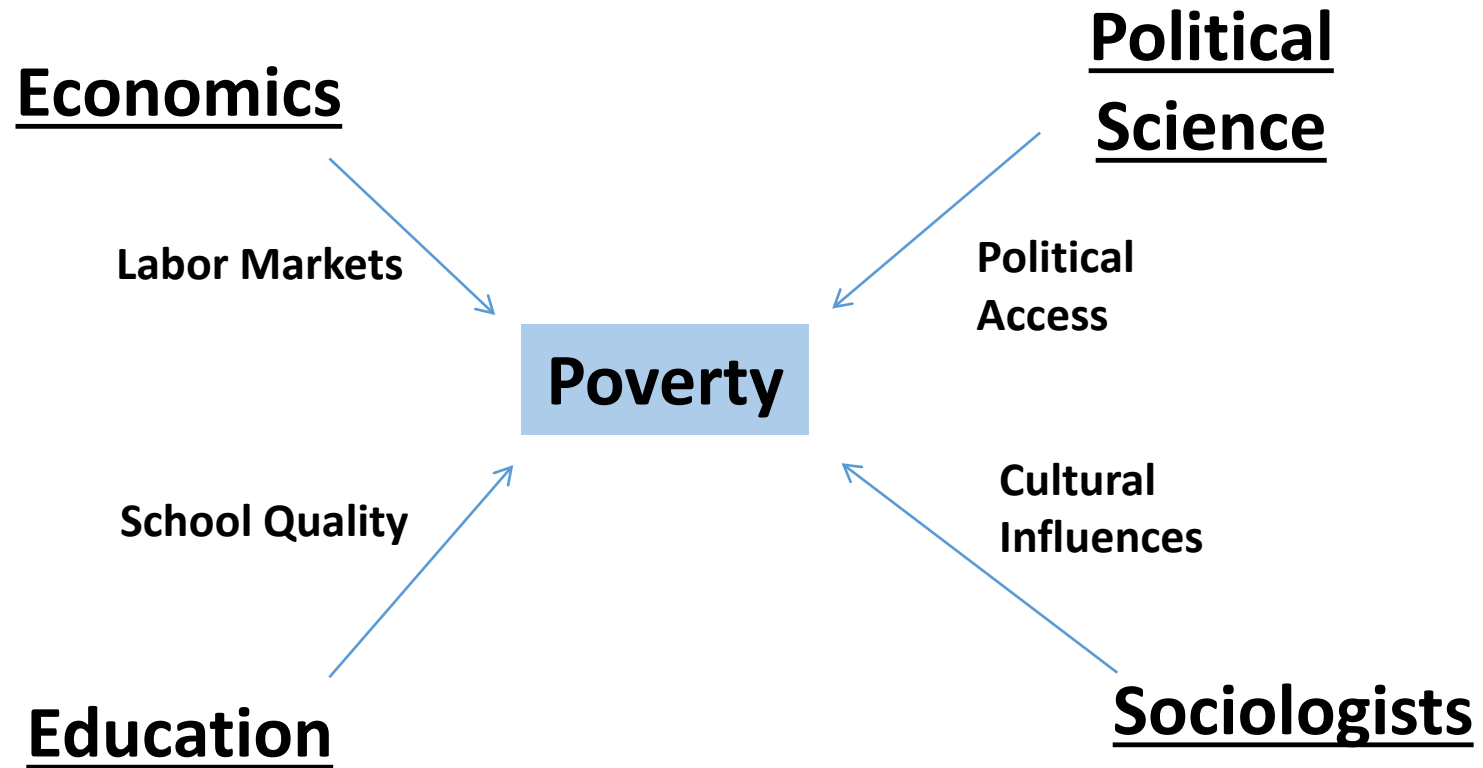
Community Economic Development is a blending of the two by recognizing that economic development is impossible without a solid community development foundation.

Development and growth are not synonymous; development focuses on notions of quality of life broadly defined.

Practitioners must take care to distinguish between normative and positive economics; the outcomes must reflect the values (normative) of the community, not the practitioner.

## What is “Community Economic Development”?

The study of “community economic development” is a truly inter-disciplinary endeavor.



Which one is “right”?



# Community Economic Development: An Overview of Concepts

Questions, Comments, Complaints?

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