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Civic Community Approaches to Rural Development in the South: Economic Growth with Prosperity

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The free market-based policies of the corporate community model have skewed economic development across the South. For many small, rural communities, the consequences of global capitalism have resulted in declining real wages, high underemployment, and increasing rates of income inequality. Backed by recent scholarship and grassroots movements that suggest that both civic engagement and the presence of smaller-scale, locally controlled enterprises can help determine whether communities prosper or decline, this paper explores the links between social structure and rural development in the South. The goal is to expand our understanding of civic community theory as an alternative to the neoclassical economic model of development. Using a local problem-solving framework, we suggest that a departure from the traditional, neoclassical path of development is in order. We conclude that rural policy makers must establish a role for civic community in the rural development process if they wish to protect the welfare of workers and communities, while increasing the prospects of economic growth with prosperity.

Key Words: civic community, economic growth, rural development, social capital, Southern United States

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Since the end of World War II, neoclassical economic theory has been the dominant framework used to guide public decisions related to economic development policy. Convinced that greater efficiency can be achieved by removing the state as much as possible from any role in regulating the marketplace, policy makers generally favor free trade, minimal regulation, and heightened competition as the best prescription for economic growth. Left with few choices but to play the global development game, rural communities are forced to amass arsenals of business incentives in hopes of attracting jobs. Global capital flows to places that offer the highest return on investment. Much like a high-stakes poker game, one community's incentives are bid against another community's incentives in an effort to win a new employer, a new shopping mall, or some other corporate-directed enterprise. Of course, this game has no winners. Communities that offer incentives of one sort or another and fail to stimulate economic growth are losers. So too are localities that get carried away in their efforts to attract new businesses and sweeten the pot too much.

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These communities often find that they have bartered away their ability to improve the lives of their most disadvantaged residents. Rural communities and small towns, because they have less to offer prospective employers, are clearly placed in a structurally disadvantaged position vis-à-vis larger urban places. For many Southern communities and residents alike, the consequence of relying heavily on market-based solutions to address rural development issues has often resulted in economic restructuring, plant shutdowns, and corporate downsizing. Thus, many rural communities have become trapped at the bottom of a system that they unwittingly helped to create (Fasenfest; Lyson 1989).

In an effort to examine alternative paradigms of economic development, we explore the links between local social structure and rural economic development in the South. The goal of this paper is to expand our understanding of civic community theory and its potential as an alternative model for rural economic development in the region. In the first section, we provide an historical overview of the neoclassical model of development and associated consequences. We then introduce the civic community model and a body of theoretical and empirical literature that examines the role of civic community and its effects on communities. This section includes a comparison of both models, using two theoretical constructs to represent alternative development paths for Southern rural communities. Following this, we raise a series of questions regarding the civic community framework and its role in the rural economic development process. Finally, we conclude with several implications for Southern rural development policy.

Alternative Models of Rural Economic Development

Over the years, economists and other social scientists have developed several regional growth theories to shed light on the phenomena of economic growth and decline. Originally, many of these theories were framed to explain the economic growth in lesser-developed countries, but some have been used to examine economic growth and development, or lack thereof, in the United States as well. For the purpose of this paper, the definition of rural economic development is not limited to economic activity (i.e., additional jobs and income), but includes activities aimed at improving the overall quality of life and addressing issues of equity and community well-being. In this section, we compare the community effects of two models of development, what Lyson (in press) calls the "corporate community model" (the free markets neoclassical paradigm) and the civic community model. We begin with the corporate community model.

Corporate Community Model

Much of the neoclassical-based economic literature on rural economic development focuses on the local economic base. One theme of this literature is the movement of manufacturing production facilities, branch plants in particular, from urban to rural areas, specifically from Rustbelt communities to Sunbelt communities. This shift in industrial location is generally described as the decentralization of manufacturing in the United States. Neoclassical theorists attribute this phenomenon to the "filtering down" of industries from places of greater to lesser industrial sophistication, typically from urban to rural areas, to achieve the highest returns. According to the filter-down theory, the early stages of the manufacturing process require highly skilled, specialized labor for research and development and for the mastering of a new manufacturing process. Because specialized labor is more readily available in urban areas, the early stages of the manufacturing process are concentrated in big cities. As production becomes rationalized and routinized over time, the skills and hence high wages of the city labor force become unnecessary. The industry, in turn, seeks out less sophisticated, industrial backwater regions where both wages and other costs associated with production are lower.

In the decades after World War II, it was widely assumed that the movement of production facilities would benefit rural and urban communities alike. During this era, social scientists (and especially economists) consistently demonstrated in their research and writing that larger-scale, capital-intensive, industrial enterprises were not only "good" for the economic health of a country as a whole (Galbraith; Kerr), but also enhanced the social and economic well-being of workers, families, and communities as well (Averitt; Hodson; Lobao; Stolzenberg; Tigges). A conceptual framework to explain the positive effects of large firms on individuals and communities was provided by labor market segmentation theorists (Beck, Horan, and Tolbert; Doeringer and Piore; Goldthorpe) who showed that the lowest-paid, least desirable jobs were most often found in smaller, labor-intensive, peripheral firms (Harrison, pp. 20–21). In contrast, firms within the core, because they are, by definition, larger, more productive, more capital intensive, and associated with national or multinational corporations, have been able to pay their workers higher wages than firms in the periphery. Falk and Lyson, Lobao, and others revealed that communities in which the economy is dominated by core sector enterprises fared much better on virtually every measure of socioeconomic well-being than communities affiliated with the secondary labor market or the periphery.

The current restructuring of the global economy toward increased corporate integration is premised on the assumption that core firms (i.e., large national and multinational corporations) will be the primary engines of change and development (Barber; Harrison; McMichael 1996b). The emergence of new industrial growth in Atlanta, Charlotte, Nashville, Dallas, and other urban centers in the South is often cited as an example of this phenomenon. According to this perspective, over the long run, rising productivity should translate into higher wages and presumably more prosperous communities (Thurow), even though over the short run some workers and communities may fare less well than others.

Development within this framework is what Lyson (in press) calls the corporate community model. In this model, large national and multinational corporations set the development agenda. The objective is to keep the global engine of accumulation running. In a scenario of corporate-led economic development, the welfare of the corporation is placed above that of both the local community and its residents. The emphasis is on economic efficiency and productivity. Low-cost production is not only the "guiding" principle; it is the "only" principle. Communities become places where production and consumption are concentrated rather than places where citizens are actively engaged in the civic life of their towns and villages. But as Berry (pp. 409–10) noted, "The ideal of the modern corporation is to be anywhere (in terms of its own advantage) and nowhere (in terms of local accountability). The message to country people, in other words, is 'Don't expect favors from your enemies.'"

In a system tending toward global accumulation and regulation, the nation state's role in directing economic development and in protecting the welfare of workers and communities has been weakened (McMichael 1996a). In the United States and Great Britain, for example, the deindustrialization of large segments of the manufacturing economy in the 1970s and 1980s showed that the state did little to prevent large multinational corporations, those frequently identified as core sector enterprises, from succumbing to competition from lower-cost competitors in other parts of the world (Bluestone and Harrison). The lessons for local communities were clear. As Tolbert, Lyson, and Irwin (pp. 402–3) note for the United States:

> History suggests that large corporations rarely, if ever, make good neighbors. From the coal mining communities of Appalachia (Caudill), . . . to the automobile and steel cities of the Midwest (Bluestone and Harrison), and even to the so-called "high-tech" enclaves in the Northeast (U.S. Congress), the story has been the same. The social and economic fate of the community is integrally tied to the competitive position of the corporation in the global economy. Over the long term, the vitality of all globally oriented industries and the communities that are dependent on them will be challenged.

Such lessons are particularly poignant in the South where branch plants, dead-end jobs, and poor working conditions continue to characterize the industrial landscape. Falk and Lyson, in their study of industrial development in the South, describe the industrial fabric of the South as one based on periphery sector businesses as characterized by branch plants, cheap nonunionized labor, low taxes, and few environmental restrictions. Like its attraction to the textile mills, furniture, and fertilizer factories that shaped the Southern landscape in the early 20th century, the South remains, with few exceptions, most attractive to industries that are largely agricultural and resource-oriented in nature. Such industries comprise what is described as the competitive (Falk and Lyson) or secondary (Falk, Talley, and Rankin) sector of the economy. In this sector, market conditions determine supply and demand, production is more labor intensive, and workers have fewer skills. Jobs in the secondary sector are often called "bad" jobs. They are generally low-paying, high-turnover and dead-end jobs that offer little or no chance for advancement. Thus, communities dominated by secondary-sector jobs are typically less well-off on every measure of socioeconomic well-being than communities not dominated by the secondary labor market. In contrast, "good" jobs, characterized by high wage rates, relatively high job skill requirements, and low worker turnover, are found in the core or primary sector of the economy. The nature and range of economic consequences resulting from the variation in occupational and industrial structure across the South are well known. Lyson (1989, p. 46) quotes a Georgia legislator who provides this description of his state: "We live in two Georgias. We live in an urban Georgia that is booming, prospering, creating new jobs and opportunities. We live in a rural Georgia that is on the decline and losing jobs, people, and confidence." Since similar claims of inequitable and unbalanced development outcomes can be made for places across the region, both scholars and development practitioners are now seeking alternative rural development models. In the next section, we examine the civic community model.

Civic Community Model

Prodded by persisting rates of poverty and growing levels of income inequality, social scientists have begun to shift attention away from the neoclassical model and toward other alternative explanations of development and community well-being. Civic community theory, a structural framework emphasizing the social context within which development occurs, is currently receiving considerable attention. As summarized by Lobao (p. 8), literature in the structural tradition is divided into three primary strains, each focusing on some aspect of the organization of economic production and the individual and household opportunities it provides. The first strain is aspatial, focusing on the industrial sectors and the effects of stratification among industries, firms, and jobs on workers' earnings and other employment conditions. This strain is based on economic segmentation theory. The second strain focuses on the labor market and how characteristics of both the industrial structure and labor force of different locales determine variations in workers' earnings and related employment outcomes. The third strain, upon which civic community theory is based, represents a growing body of theory and research on the effects of small firms, regional trade associations, industrial districts, and local entrepreneurs on community well-being.

Since at least the 1980s, the task of sheltering workers and communities from the disruptions of the marketplace has increasingly devolved from the nation state to local communities (Grant; Herbert-Cheshire; Mander and Goldsmith; Mohan). This devolution has sparked a reexamination of the "bigger is better" model as the favored blueprint for economic development. A small, but growing, body of theory and research primarily in Europe has focused attention on small firms, regional trade associations, industrial districts, and local entrepreneurs as potentially important, though often neglected, agents of development. The underlying objective of this literature is to expand our understanding of communities and the effect of local social structures on the welfare of people and places.

Current literature in this tradition emphasizes the organizational embeddedness of small-scale, locally controlled, economic enterprises and its association with community well-being. Though traced back to Tocqueville's 19th century political analysis of the sociocultural aspects of American democracy, civic community theory is based, in part, on early work by Goldschmidt and Mills and Ulmer. Concerned with the relation between economic concentration and community well-being, both studies introduce the notion that large-scale, corporate enterprises diminish the quality of life in local communities while smaller-scale, family-operated enterprises improve community life.

Although much of the research on the organizational embeddedness of small-scale, locally controlled, economic enterprises has historically focused on the production sector, namely agriculture (Goldschmidt) and manufacturing (Mills and Ulmer; Piore and Sabel), it is now being extended to include other organizations such as churches (Tolbert, Lyson, and Irwin), voluntary associations (Goldhamer; Lyson and Young; Putnam 1993), and small retail enterprises (Irwin, Tolbert, and Lyson). This extension has occurred largely because economistic explanations of rural economic development are incomplete. Economic-based explanations fail to fully take into account social relations and other noneconomic forces that affect the development process. Some social scientists even argue that for neoclassical economic theory and some of the other major development theories, social relations have been viewed as "singularly burdensome, exploitive, liberating, or irrelevant" (Woolcock and Narayan). By contrast, the underlying premise of the research on civic community is that small-scale production, for example, is tied to place by social and economic relations. It suggests that a dense network of local institutions and organizations, including churches, retail enterprises, and voluntary associations, among others, serves as a glue that ties people to place, and thus adds a social dimension to the development equation. As defined earlier and compared with the corporate community model in Table 1, development in this context is more holistic, comprising economic as well as social, cultural, political, and noneconomic dimensions that put the welfare of people and places above markets.

The civic community thesis implies that development outcomes are embedded within or shaped by social relations and noneconomic attributes such as community traditions, norms, and networks. In spite of the rising popularity of the civic community thesis and its emphasis on the relevance of social relations to development, a number of questions remain regarding the role of civic community in the rural economic development process. Among these questions are: (1) Can civic community be measured? If it is good for society, how can it be increased? (2) Is civic community a condition for rural economic development? (3) Can civic community influence rural development policy debates? If so, what is the range of policies available to facilitate the role of civic community in the economic development process? The following section will address each of these questions in turn.

Measuring Civic Community

Quantifying social relations is a challenge. Fukuyama suggests that one major obstacle facing researchers in their attempt to quantify noneconomic concepts like civic community is the absence of consensus on how to measure them. This view is held by many (Portes and Landolt; Wall, Ferrazzi, and Schryer). Wall, Ferrazzi, and Schryer, for example, attribute the measurement problem to trying to interpret the concept to mean both the relations, networks, and obligations existing in social situations and the product of those interactions. The problem emanates from failing to distinguish between indicators that reflect the level of social relations and the determinants of such a measure. Despite claims that measurement of civic community and related concepts is imprecise and rigorous empirical analysis of these concepts is difficult at best, civic community is widely becoming the concept of choice in research aimed at explaining prob-

Table 1. Types of Rural Communities

Corporate community	Civic community
Neoclassical Economics	Problem-Solving
Modernization	Sustainability
Globalization	(Re)localization
Production Model	Development Model
Concerned With Economic Efficiency and Productivity	Concerned with Economic and Social Equity
Emphasis on Business Growth and Profits	Emphasis on Household and Community Welfare
Global Mass Production and Mass Consumption	Local Craft Production and Consumption
Articulated Model	Disarticulated Model
Large Vertically or Horizontally Integrated Multinational Corporations Competing in a Global Market	Smaller, Locally Controlled Enterprises Organized into Industrial Districts, Regional Trade Associations, Producer Cooperatives
Large Firm is Ideal Form	Small Firm is Ideal Form
	Independent Middle Class
Corporate Middle Class	Independent Middle Class Composed of Small Business Owners, Farmers, Self-Employed Professional Workers
Positions in Corporate Hierachies (e.g., Professional, Managerial, Administrative)	
Political Processes	Political Processes
Not Communism	Democracy
Motors for Development	Motors for Development
Human Capital	Social Capital
Free Markets	Civic Engagement
Individual Actions	Social Movements

lems associated with the economic development process.

Several studies from the economic development literature are instructive on the measurement question. Although these studies vary according to the methodological approach or unit of analysis used, they generally use census or survey data to link civic community or a related concept to economic development. For example, using the term "civic community" to describe the link between institutional performance, patterns of civic involvement, and social solidarity, Putnam (1993) provides empirical evidence to show that the norms and networks of civic engagement affect the performance of government institutions and prospects for regional development. To test the hypothesis that civic community is related to institutional performance, Putnam (1993, p. 91) traces current patterns of civic involvement back to traditions that predate the Middle Ages. He then compares the presence or absence of civic community in different regions of Italy, using voter turnout, newspaper readership, membership in choral societies, and football clubs as indicators of "civic-ness." Putnam found that regions with a preponderance of civic associations, newspaper readers, issue-oriented voters, and fewer patron-client networks appear to nourish more effective governments. However, beyond merely comparing the number of voluntary associations or sports clubs, Putnam explores the nature of local institutions. Suggesting that some institutions are better than others at promoting horizontal networks among diverse groups, Putnam (1993, p. 175) writes, ". . . the more horizontally structured an organization, the more it should foster institutional success in the broader community. Membership in horizontally ordered groups (like sports clubs, cooperatives, mutual aid societies, cultural associations, and voluntary unions) should be positively associated with good government." Horizontal networks foster trust and civic embeddedness, enabling institutions to overcome dilemmas of collective action and the self-defeating opportunism that accompany them, which, according to Putnam (1993), may help explain why some regions flourish while others remain underdeveloped.

Similarly, Irwin, Tolbert, and Lyson attempt to establish the link between social institutions and community well-being by showing that certain kinds of social institutions enhance nonmigration and anchor people to places. To understand the role of civic engagement in community development, the authors examine a series of local institutions, ranging from small businesses to churches, to see which ones encourage residents to stay put. They base their research on two hypotheses: (1) Civic engagement is higher in places where diverse institutions are prevalent, and (2) populations should be more tied to the local community in places where civic engagement is high. To test these hypotheses, the authors compare statistics on personal and community factors such as age, education, business ownership, and church attendance, among others, with nonmigration rates of U.S. counties. They found that institutions such as small manufacturing establishments, voluntary associations, churches, small retail gathering places, and similar institutions enhance "rootedness" by encouraging connections among diverse groups and making connections between individuals and their community. They conclude that places characterized by strong social institutions may be more likely to retain a core of nonmigrating residents that could help maintain long-term population growth and economic health.

One attempt to explore civic community relations in rural communities in the Southern United States can be found in Robinson's examination of social and economic trends across all counties of six Southern states—Alabama, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina. Robinson uses cross-sectional data from the late 1980s and early 1990s to explore the relations among indicators of civic community, human capital, economic structure, and community well-being. Using multiple regression analysis, he found that civic community is positively associated with community well-being, especially among certain population segments. In nonmetro white counties, for example, higher levels of civic community were found to be related to lower family poverty rates, lower levels of income inequality, and higher median family incomes. Though somewhat less consistently observed, the positive aspects of civic community were also found in metro and nonmetro black counties as well.

Sociologists and adherents of the structural tradition have undertaken much of the scholarly work on how to measure civic community and social relations, but some economists have weighed in as well. In a paper focusing on social capital theory and its influence on individual and firm-level decisions, Schmid and Robison examine the influence of social relationships, values, and social bonds in the neoclassical model. They attempt to demonstrate theoretically and, to a lesser extent, to test empirically the effect of social relationships on productivity, utility, and decision making. To measure the influence of utility or risk aversion in the choices made by economic agents, they first establish a standard outcome and then alter the level of social capital involved in the exchange. Upon getting a new outcome, they calculate the difference between the new outcome and the standard outcome. The difference in the two outcomes is the premium associated with the emotional goods produced by one's social capital.

Condition of Rural Economic Development

The verdict is still out regarding the merits of civic community. While some social scientists are attempting to figure out how to best measure civic community, others are trying to determine whether it is a necessary condition for development. In either case, both social scientists and development practitioners alike argue that it is a resource that can be used to improve schools, lower crime, make government more effective, and promote economic development. As a "public good," civic community is often considered a resource that is available for the benefit of the community at large. Putnam (1995, p. 67), for example, refers to social capital as the features of social organization—networks, norms, and social trust—that facilitate coordination and cooperation for mutual benefit. The question remains, however, why might individuals be inclined to choose cooperation over rational, self-interested behavior? Putnam offers several reasons. First, he suggests that networks of civic engagement foster sturdy norms of generalized reciprocity and encourage the emergence of social trust. Second, networks facilitate coordination and communication, thus enabling community residents to take collective action when necessary. Third, networks tend to reduce incentives for opportunism as community residents come to expect problems to be solved through participation and negotiation rather than political opportunism. Fourth, over time these networks become embedded in the culture of the community to the extent that past success at collaboration provides a cultural template for future collaboration. Finally, networks are thought to broaden or shift the consciousness of residents from one that implies individualism to one that implies community, and therefore enhances their desire for collective benefits.

Critics of civic community argue otherwise. They warn that not all of the implications of civic community are good. The primary criticism of civic community relates to the tendency of its proponents to portray the concept as wholly beneficial. In their critique of social capital, Portes and Landolt concede that "individuals and communities can benefit greatly from social participation and mutual trust," but caution that "the outcomes will vary depending on what resources are obtained, who is excluded from them, and what is demanded in exchange." To make their case, Portes and Landolt cite examples of conspiracies against the public, restrictions on individual freedom and business initiative, and downward leveling pressures, all representing the downside of social capital. They first suggest that if social capital is a resource available through networks, the resources that some individuals or communities claim come at the expense of others. They then point out that the sources of social capital are often confused with the benefits derived from them. They suggest that this is the case when proponents of social capital fail to separate the ability to command resources through social networks from the level or quality of such resources.

An example of these criticisms can be found in the literature on industrial districts. Some observers of the economic growth taking place in some regions with industrial districts claim that much of it is due to "sweating" or what some term the "low road" to industrial restructuring (Sengenberger and Pyke, p. 11). The low-road approach refers to the superexploitation of immigrants and women by industrial district firms that are trapped in low-wage labor markets. In their review of research and policy issues related to industrial districts, Sengenberger and Pyke admit that low-road practices are common among firms in some districts, but suggest that industrial districts should be thought of as lying on a continuum between "destructive" competition and "constructive" competition. Unlike the low-road approach, constructive competition encourages firms to both safeguard workers' rights and provide adequate standards of social protection to retain qualified labor and make it more productive. Nonetheless, these concerns have not gone unnoticed by proponents of industrial districts either. Even Putnam (1993, p. 42), a leading advocate of the civic community thesis, acknowledges the costs and negative effects associated with social capital. In a piece called "The Prosperous Community," he writes, "Social inequalities may be embedded in social capital. Norms and networks that serve some groups may obstruct others, particularly if the norms are discriminatory or the networks socially segregated." To this end, Putnam concedes that the balance sheet on networks and social participation must consider both costs and benefits before it can be evaluated.

Rural Development Policy Implications

In addition to the need to learn more about the measurement concerns and reservations associated with the "downside" of social relations, more scholarship is needed to gain a better understanding of the policy implications civic community and social relations can suggest for rural economic development. Although there is much debate on policies that are designed to spur on economic growth (fiscal, monetary policies) and to enhance human capital (education policy, investing in people), little is known about the full range of policies available to facilitate the role of civic community in the economic development process. For example, the current debate regarding the role of faith-based institutions in community development illustrates the need for policy makers to come to terms with alternative approaches to development.

Although some may argue that development is a structural process that cannot be changed without the workings of a social movement (Young), the research presented here suggests that the civic community approach could at least form the paradigmatic basis for such a social movement, and in so doing influence the rural development policy debate. Whether this simply means increasing the number and type of community organizations or harnessing what Young calls "unused structural capacity," civic community policy initiatives potentially offer a means for improving the general level of living. Therefore, if the South ever expects to address the welfare differentials and poor socioeconomic conditions that characterize rural communities across the region, the policy prescriptions must be broad and wide ranging. The focus must be on development outcomes and how they affect people and places, and on the role of local institutions and community linkages in promoting more balanced and equitable forms of economic development.

The desired outcome of the civic community approach is to increase problem-solving capacity. According to Young, problem-solving capacity is the ability of communities to identify problems requiring collective action (e.g., poverty, lack of infrastructure, economic development, infant mortality, etc.) and to bring to bear the specialized knowledge, skills, and other local resources required to solve them. Increased problem-solving capacity helps make communities less vulnerable to the free-market environment, and provides the guidance and "management" of strong social structure needed to counterbalance and survive the capricious nature of the market. Although other problem-solving strategies exist, three are considered below.

For starters, rural policy makers and program planners could consider implementing policies that promote problem-solving by encouraging small business development and local entrepreneurship. Piore and Sabel outline a policy framework for small business development in their book, *The Second Industrial Divide.* According to Piore and Sabel, economic development is more likely to succeed if it takes place within a political context where local communities actively nurture and support small-scale, industrially diverse, flexibly specialized enterprises. Within this context, small business development is one component of a comprehensive economic development strategy comprising both large-scale, mass-production enterprises and small-scale, flexibly specialized production units. Lyson (1995, p. 180) echoes the prospects of small-enterprise framework as a possible rural development strategy for economically disadvantaged communities, and provides this description of the nature of small-scale, flexibly specialized firms: "First, these businesses would provide products for local consumption that are not readily available in the mass market. Some examples of these types of enterprises would be specialty foods, custom clothing, and hand-crafted furniture. Second, small-scale technically sophisticated enterprises would be able to fill niche markets in the national economy that are too small for mass producers. Professional business services, computer software design, and specialty apparel manufacturers are examples of some of these types of businesses. Third, small, craft-based, flexibly specialized enterprises can alter production quickly to exploit changing market conditions."

Similarly, Christy, Dassie, and Wenner examine the policy relevance of entrepreneurship-centered economic development. In an analysis of African-American entrepreneurship in the Southern Black Belt, the authors suggest that entrepreneurship-centered economic development promises an opportunity for economically disadvantaged communities to reverse stagnant economic conditions by creating wealth and jobs through locally owned businesses rather than branch plants. Although most research on local entrepreneurship focuses on its potential for export expansion, import substitution, or increased productivity, recent scholarship emphasizes the promise entrepreneurial activities hold for many communities to reshape their economies on their own terms. The emphasis on localism is not to imply that policies promoting entrepreneurship-centered economic development can insulate a community's economy from changing macroeconomic conditions. It does, however, suggest that such policies can contribute to community problem-solving and at least help determine that local development decisions are made with the community's perspective in mind, while in the long run building more resilient communities. For many economically disadvantaged communities in the South, this strategy means that local development efforts should focus on the creation of locally owned and operated firms. Such firms are more likely to put economic decisions in the hands of local managers for whom the welfare of the total community is likely to be important, not just the firm's balance sheet. Similarly, policies that promote entrepreneurship hold promise because, unlike plant recruitment policies, they generally attempt to build on human capital, rather than take advantage of low costs of labor, which has historically been the case in the South. The contrasts with traditional, more conventional development approaches make entrepreneurship-centered economic development policies useful for alleviating poverty and increasing income and employment in disadvantaged communities.

Finally, the findings of the research presented here suggest that Southern policy makers should seek out new ways to strengthen the problem-solving capacity of local communities. One strategy would be to support the development of strong, noneconomic communal organizations. Though most everyone agrees that both human capital development and economic development are essential components of any local development program, if local officials want to help communities address local development needs, they must design a set of policies that cultivate and enhance the capacity of civic community-oriented organizations. Such programs or policies should be designed to provide educational and technical assistance to entrepreneurs, small business owners, and community advocates. The intent of these policies is to enable individuals interested in community well-being to understand critical changes in global economic forces, analyze their specific economic problems and opportunities, and build comprehensive strategies to address them. Perhaps local schools and colleges could help facilitate the exchange of information between persons within the community and without. In rural areas and areas with high concentrations of minorities, where professional personnel needed to conduct community analyses, develop strategic plans, and write grant proposals are limited, public schools and colleges could serve as resource centers. In nonmetro black counties, for example, 1890 land-grant colleges and universities have long provided research and extension support to limited-resource farmers and rural communities. These services could be extended to include information and technical assistance in community organizing and economic development practice.

Conclusions

The market-based policies of development (i.e., the corporate community model) have skewed economic development across the South. For many small, rural communities, the consequences of global capitalism have resulted in declining real wages, high underemployment, and increasing rates of income inequality. Low-income residents, limited-resource farmers, and other economically disadvantaged groups are particularly vulnerable. Since the underlying principles of the free-market paradigm are economic efficiency and productivity, the welfare of places and people will continue to be overlooked, unless the strategies presented here are seriously considered. To improve the social and economic conditions of economically disadvantaged communities and individuals, community advocates and others must work to foster a more balanced use of all forms of capital (e.g., financial, human, and social).

The neoclassical, market-oriented model of development has heretofore recognized the centrality of **financial capital** in economic growth and then later on found **human capital** to be an important determinant in the economic development process. Until recently, however, little or no consideration has been given to **social capital.** Since such a limited view of capital fails to consider the potential role of social relations and other noneconomic forces in economic development research, practice, and policy, the exclusive reliance on global capital and its role in determining development outcomes must be challenged. Backed by recent scholarship and grassroots movements that suggest that both civic engagement and the presence of smaller-scale, locally controlled enterprises can help determine whether communities prosper or decline, some communities have begun to embrace the civic community model of development. These communities are nurturing the development of industrial districts, farmers' markets, and entrepreneurship-centered small businesses as a means to improve social and economic conditions and to reconnect urban and rural places, consumers and producers, and formal and informal sectors. Others are making similar efforts with regard to community-based organizations such as churches, voluntary associations, membership organizations, and small commercial establishments. As a departure from the traditional, neoclassical path of development, these community-based efforts represent a way for policy makers and program planners to rethink policies that place the private interests of large national and multinational corporations above the welfare of people and places across the South. More importantly, they establish a role for civic community in the rural development process, while increasing the prospects of economic growth with prosperity.

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