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Social Capital and Economic Growth: A New model for Rural Communities

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Staff Paper 474a

April, 2015

This is a new version of a series of color slides on social capital as presented at a conference on rural development presented in Tampa, Florida in 2004, and sponsored by the Southern Rural Development Center.

Staff Papers are published without formal departmental review. Opinions expressed are those of the authors and may not represent those of the Kentucky Agricultural Experiment Station. David L. Debertin is currently emeritus professor of agricultural economics at the University of Kentucky. Contact Dr. Debertin at ddeberti@uky.edu . Stephan J. Goetz was Professor of Agricultural Economics at the University of Kentucky when this paper was written. Currently, Dr. Goetz is the Director of the Northeast Regional Center for Rural Development and Professor of Agricultural and Regional Economics at The Pennsylvania State University. Contact Dr. Goetz at sgoetz@psu.edu .

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Abstract: This paper is a companion to University of Kentucky Staff Paper 474, and consists of a series of color slides focusing on the typology of communities of various sizes, both rural and urban. It is a newly revised version of a set of slides originally presented at a rural development conference sponsored by the Southern Rural Development Center in 2004 at Tampa, Florida.

Total Pages: 53

Social Capital and Economic
Growth: A New model for Rural
Communities

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Social capital refers to the "...stocks of social trust, norms and networks that people can draw upon in order to solve common problems" (Siranni and Friedland 1997).

Economists: Social *CAPITAL*

Sociologists: Social *NETWORKS*

James Coleman (1988)

used the term social capital to refer to all human relationships and described social capital in functional terms as "the value of those aspects of social structure to actors as resources that they can use to achieve their interests"

A social capital indicator

„,is any quantifiable measure thought to vary with levels of social capital. Commonly used social capital indicators include membership in civic (Jaycees, Lion’s Club, Kiwanis, Chambers of Commerce, Neighborhood Watch Associations) and fraternal (Fraternal Order of Police) organizations; measures of citizen participation including voter turnout rates; various measures of volunteerism; participation in parent-teacher associations, religious groups and the like

“Classic” Article:

Putnam, Robert D. 1995. Bowling Alone: America's Declining Social Capital. *Journal of Democracy* 6: 65-78.

In this article, Putnam traces the decline in interest in league bowling to an overall decline in social capital.

Putnam, R. D. *Bowling Alone*. Simon and Schuster, New York, 2000.

Also see

<http://xroads.virginia.edu/~hyper/DETOC/assoc/bowling.html>

Putnam has many critics

- Original work applied to Italian communities
- Interest in league bowling waning but other social capital indicators are rising
- Concurrently developed theory of Social Capital from French Sociologist Pierre Bourdieu

Putnam vs. Bourdieu

- Measurement of social capital is made by counting individuals who participate
 - Social capital is a resource that people or groups either possess or do not possess
 - Emphasizes positive not negative benefits
- Social capital embedded in social relationships
 - Social capital realized by individuals
 - Organizations such as terrorist “cells,” the Mafia and the KKK have social capital of sorts, but this is not positive

The big question about Putnam's work:

If social capital deals with interactions and linkages between people as they work together, why does he usually count individuals?

An Excellent Critique

DeFilippis, James. “The Myth of Social Capital in Economic Development,” *Housing Policy Debate*, 12:4, 2001, pp. 781-806

http://www.urbancenter.utoronto.ca/pdfs/elibrary/DeFilippis_Myth-of-Social-C.pdf

Social Capital (Network) Formation: Unite against the common foe...

- Acts of Nature
 - Blizzards (Great Plains) and heavy snowfalls
 - Dust storms
 - Forest and wild Fires
 - Floods, tornados, hurricanes, earthquakes
 - Illness
- Man-Made Events
 - Acts of terrorism 9/11
 - Home fire, accidents,
 - Criminal acts—burglary, robbery, murder
 - Wars, military “unit cohesion”

Social Capital Formation: Shared Common Experiences

- **Amenity-Based Experience**
 - Living near lake, ocean or mountains
 - Remoteness
 - Hunting, fishing, boating, mountain climbing
 - Skiing, surfing, swimming, camping,
- **Man-Made shared experience**
 - Airstream trailers
 - Golf course
 - Harley Davidson motorcycles
 - Sporting events, football tailgating
 - League bowling
 - Theme park attendance

Social Capital Formation:

Collective action for securing the common good

- Problems requiring group decision making and collective action
 - Health care issues and services
 - Problems with schools/education
 - Traffic problems and issues
 - LULU issues
 - Issues related to services such as water, sewer, electricity and gas
 - Neighborhood and community cleanup and betterment

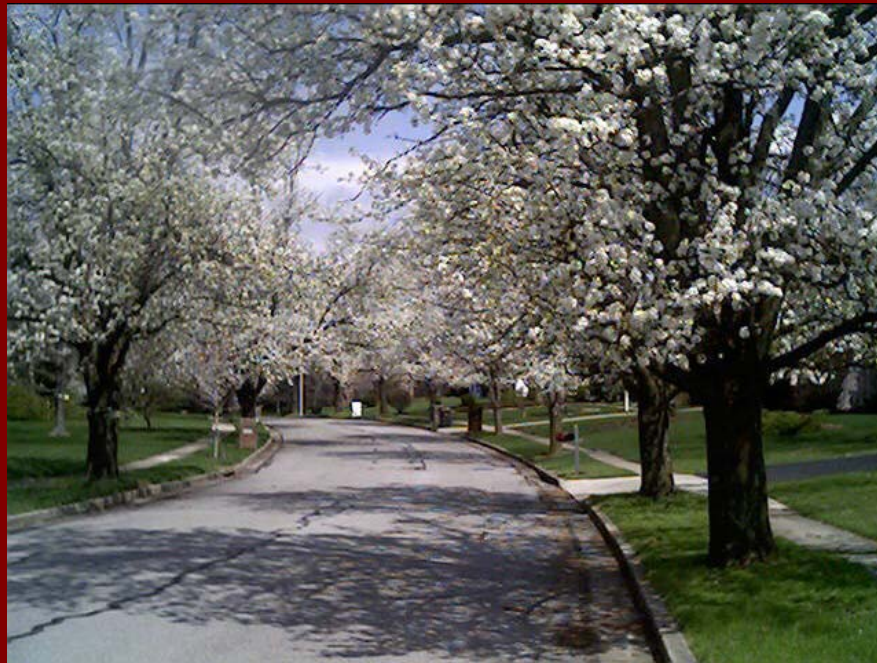
Social Capital Formation: Hobby-Based

- **Collecting things**
 - Autos, antiques, recordings, toys
- **Public Speaking**
 - Toastmaster Club
- **Charity and Volunteer Work, Civic Organizations**

Social Capital Formation: Neighborhood-Based

- Why do people mow their lawns?
 - Maintain cordial relations with neighbors
 - Maintain property values
 - Public laws... What role?
- What I do to or on my property affects the value of your property
 - Maintenance and landscaping
- Parking of cars in garages versus street or driveways
- Freedom to do what you want on your own property versus offending the neighborhood
 - Role of homeowners associations

Residential and Streetscape Design and Social Capital Formation



Mid-Late 20th Century Suburban Design: Basic Subdivision Features

- Subdivision living heavily segregated by income, education, social class
- All houses on the same block of similar square footage, features, characteristics
 - all-brick versus vinyl siding versus a mix gives a clue as to value
 - “Maintenance-free” exterior materials
 - Lot sizes and positioning of houses
 - Designs, if not identical, blend with each other
 - Valuations similar to simplify property assessments
 - Attached 2 and 3-car garages face street except in very high-end subdivisions, where lots are large enough to permit side entry
 - As average price goes up, *SLIGHTLY* more architectural variation

Mid-Late 20th Century Suburban Design: Streets and Subdivision Layout

- Street layout features a few main arteries but most streets are either circles that lead nowhere or dead ends (aka cul-de sacs). All traffic exhausts to these arteries which lead back to main four and six-lane streets and highways.
- The most valuable lots/homes are on the streets that lead nowhere and away from the more heavily traveled arteries within the subdivision
- Commercial development located away from residences so the auto is required to reach



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Mid-Late 20th Century Suburban Design: The Streetscape

- The setback of the house from the street gives a good clue on the value with higher priced homes featuring the more expansive front lawns
- Front porches, if present at all, are generally not used for sitting or interacting with neighbors
- Interaction with neighbors or friends include only those specifically invited and these people are entertained at the rear not front of the home
- Concrete patios ('50s) begat raised decks ('60s) begat covered decks ('70s) begat screened-in porches ('80s) begat unheated and uncooled 3-season rooms ('90s) begat year-around casual living space for entertaining leading to almost no casual social interaction with neighbors

Mid-Late 20th Century Suburban Design: Social Class Interaction:

- Primary non-work neighborhood social interactions are among those similarly stationed in life who can afford similarly-valued homes
- Similar income, education employment type etc. more so than race and ethnicity
- Other interactions related to religious affiliation, hobbies (golfing) civic groups (Lions clubs)
Residents may entertain guests who live outside the subdivision in their homes met through these other activities, as well as those in similar employment

The “New Urbanism”—neo-traditional planned communities

An effort to create prototype communities that foster the development of positive social capital and favorable human interaction

In response to failures of “old urbanization”

- High rise public housing projects, along with street crimes & gangs
- Limited positive interaction with neighbors
- Lack of care and concern for each other
- Disinterest in civic issues
- Automobile an essential

The “New Urbanism” Neotraditional Designs: Basic Features

- Each neotraditional community has a wide mix of housing types and sizes with widely varying price tags to discourage segregation by income and wealth. This might include a mixture of rental apartments, owner occupied condos, and detached dwellings
- This should encourage interaction among people with widely varying incomes, education, employment and job skills, but DO THEY?
- Does (should) income and wealth allow (permit) people to live only among those who are similarly stationed in life? Is this healthy for fostering the development of social capital?
- Commercial development may be intermingled with residential housing (apts above stores etc)

The “New Urbanism” Neotraditional Designs: Layout and Transportation

- Businesses located close to residences
- Discourages the use of the automobile
- Encourages walking and other transportation forms (bicycles, golf and other electric carts etc)
- Sidewalks, bike paths etc. part of the basic design to ensure safety of those using other forms of transportation
- Streets typically laid out as grid with all streets exhausting traffic and not limited to major streets

The “New Urbanism” Neotraditional Designs: The Streetscape

- Residences typically have front porches with the strongest orientation to the front not the rear
- Minimal street setbacks and tiny front lawns to encourage interaction with passersby using sidewalks. The sidewalks are used because they are an easy way to get to places such as businesses, parks and recreational areas
- Garages, if present, are often detached from the residence, located at the rear of the lot and may be entered through an alleyway behind the residence. These features were commonplace in homes built prior to World War II

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Ashland Park/Chevy Chase neighborhood, Lexington, KY

Seaside, Florida

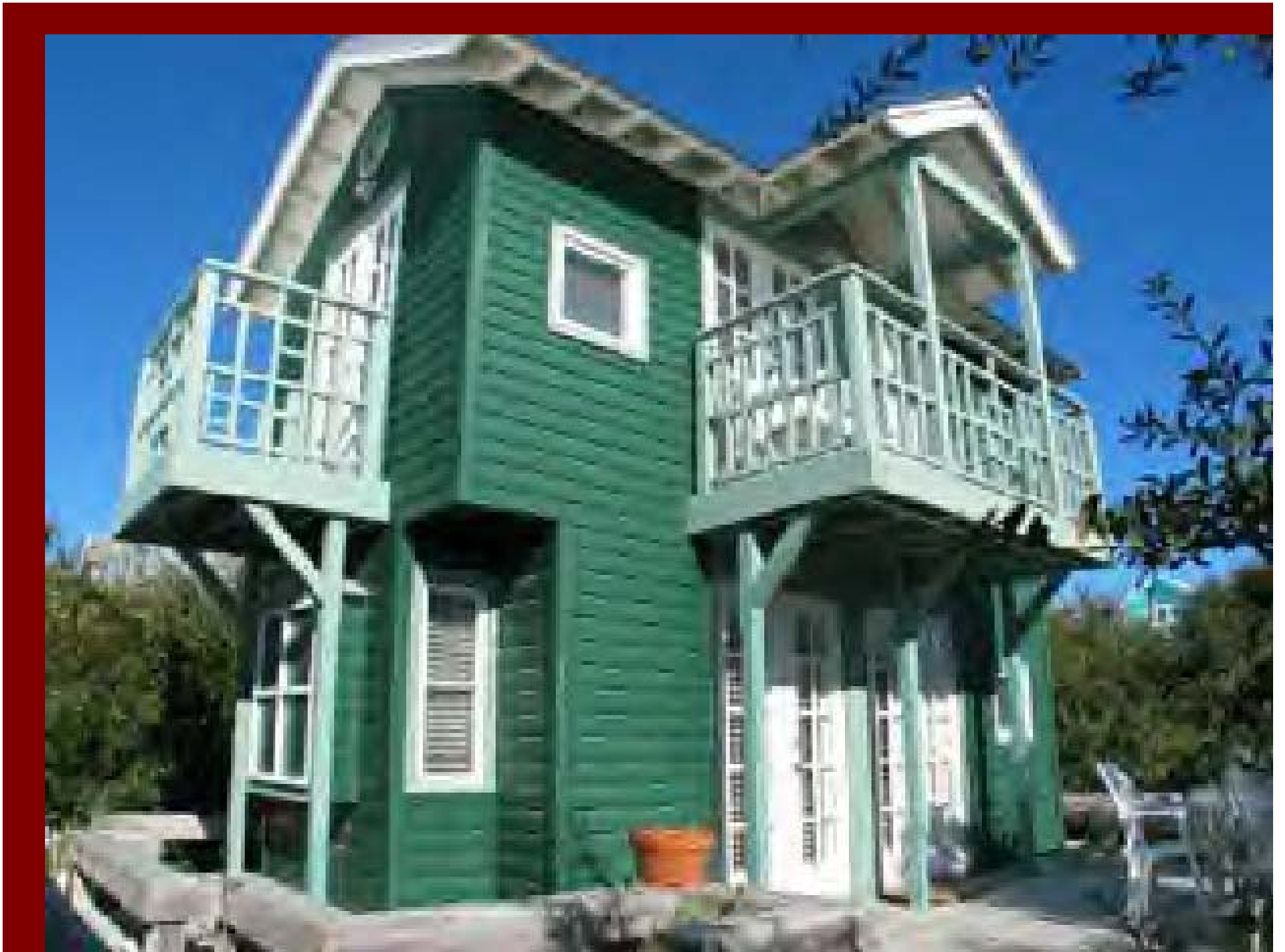


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The “New Urbanism” Neotraditional Designs: Social Class Interaction

- In theory, the New Urbanism designs should encourage the development of social capital especially across people of varying incomes, educational levels and employment types
- But does it?
- Do neotraditional design approaches achieve the objective of encouraging neighborly interaction?

A New Model for Rural Communities

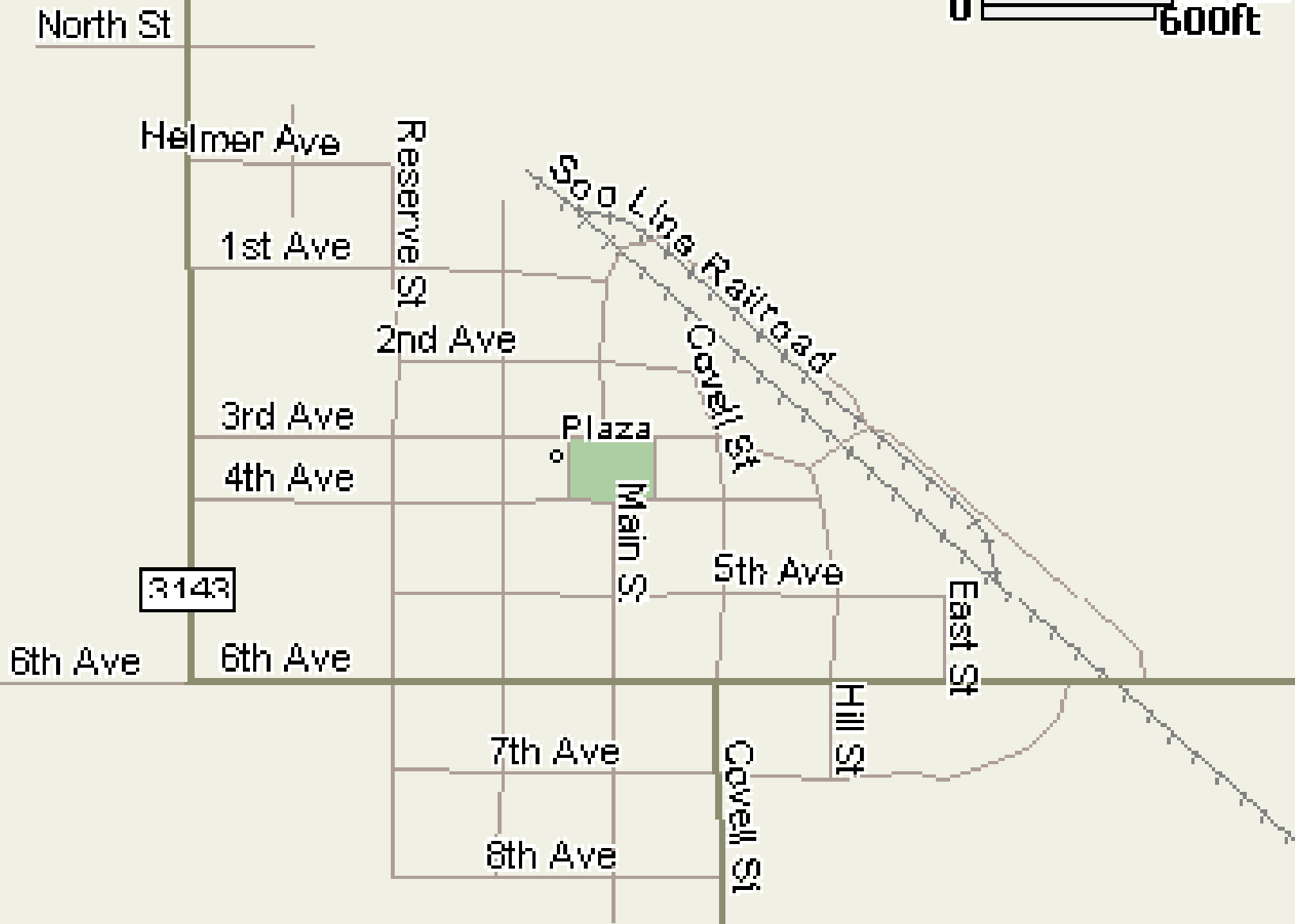
- Many rural communities have more in common with neotraditional design than with designs commonplace in late 20th century suburbia.

Examples

- Streets and blocks constructed on a grid
- Many homes constructed prior to World War II with detached garages accessed from alleys and expansive front porches
- Homes in easy walking distance to main street businesses
- Close intermingling in small towns of those of widely varying education, employment, income and wealth
- Homes with widely varying valuations in close proximity to each other

MAPQUEST

0 200m
600ft



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Plaza, North Dakota

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Mini Mall
(Cafe,
Grocery,
Hardware)

Central Park or "Plaza"

Bank

Post
Office

Hall-Auditorium

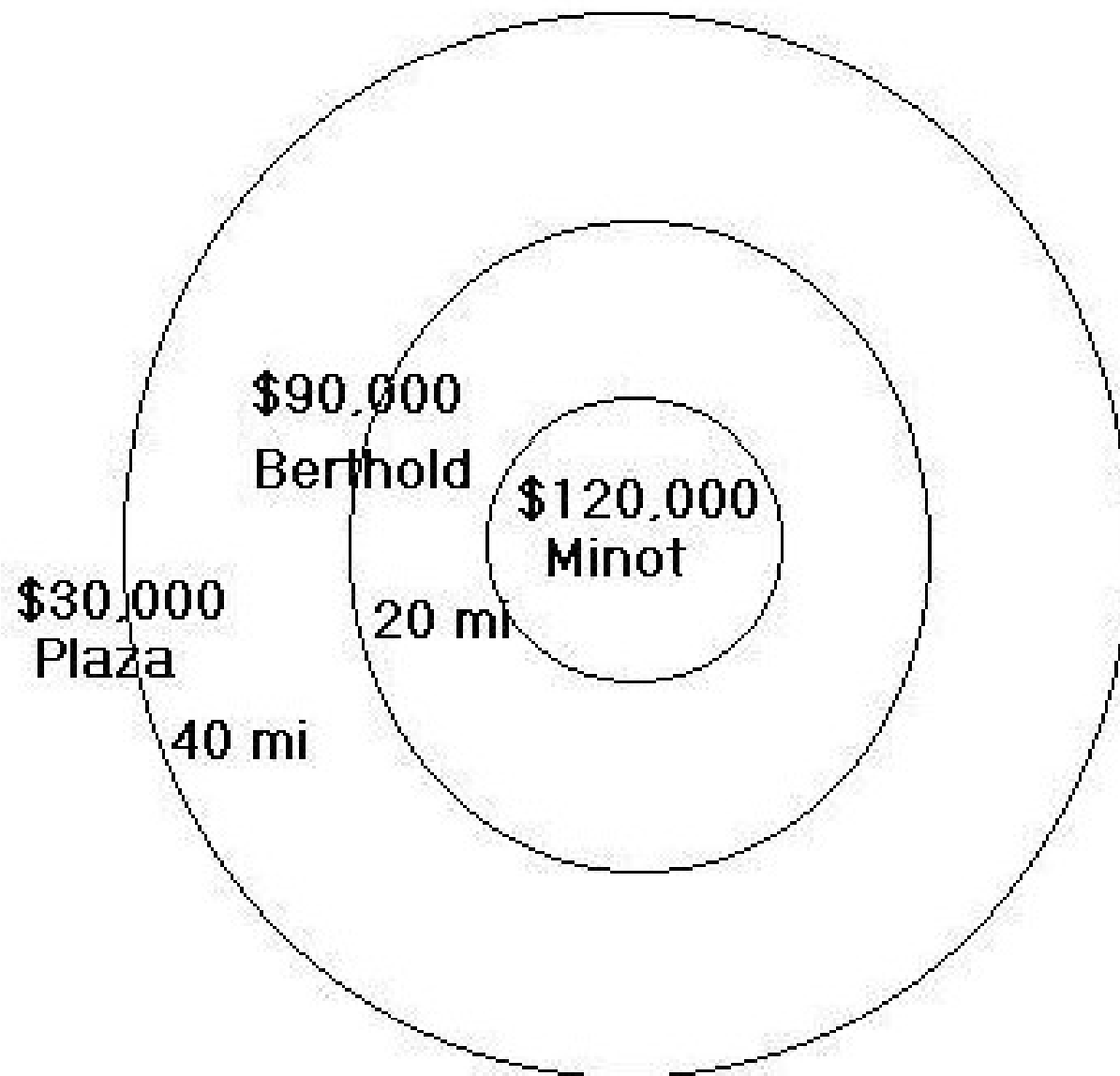
Senior
Citizens'
Center

Low-rent Apt's for
Seniors









A New Model for Rural Communities

- These characteristics should foster the development of many forms of social capital
- Do residents of rural communities see the traditional characteristics of the neighborhoods as a positive not a negative, or do they aspire to be part of late 20th century suburbia?

A New Model for Rural Communities

- Do urban dwellers see the quasi neotraditional characteristics of rural communities as a positive?
 - Enjoy the income of a job in an urban area while commuting to employment from a small rural town
 - Impact of the SUV and cheap gas to encourage people to reside at some distance from where they work
 - Advantage in terms of the cost of housing relative to the cost of housing located closer to employment
 - Small town schools versus schools in urbanized areas
 - Interaction by children with other children from families with diverse incomes and educational levels .
Is this a plus or a minus?
 - Lack of public transportation in many rural towns

Social Capital and Amenities Continuum

- Amenities attract residents—Social Capital becomes part of the package
- If amenities and Social Capital are right, employment opportunities will follow
- What is an amenity? Broader than access to a body of water or mountains

Rural Community Strategic Plan

- Concentrate on making the community an attractive place in which to live
- Amenities are part of the package, but so is Social Capital
- Think “out of the box” in what makes the community and area attractive Eastern Montana versus Western North Dakota

Employment opportunities

- Most likely to happen in areas deemed desirable places to live
- Strong Social Capital is part of what makes communities desirable

Slides in the original PowerPoint format
can be found at the following Web address

<http://www.uky.edu/~deberty/tampanewppt.ppt>

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