



RURAL ECONOMIC DEVELOPMENT WITH A PURPOSE: SHIFTING EXPECTATIONS AND OPPORTUNITIES

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October 2021

Following the events and trauma of 2020, there is a sense of urgency to take a fresh look at many of our activities and relationships. This applies to our daily lives at home, work, and play; it also applies to the policies and practices of our governments, companies, and institutions. And it certainly applies to the complex and diverse landscapes and communities that comprise rural America. This brief focuses on the policies and practices of rural economic development, many of which have hardly changed for fifty years. Some of these approaches were beginning to shift in important directions before the pandemic and will now have to be transformed to meet the needs of new realities. The challenges that rural America faces have been well-documented and will not be repeated here; instead, the emphasis will be on the opportunities that can present themselves if we can respond appropriately to these challenges.

Economic development, as currently practiced, is essentially a combination of technical and political processes without any clear overarching purpose or framework to guide policies, priorities, or resource allocation. On the technical side, economic development is a set of programs and activities. The most prominent are financial incentives to businesses in the form of tax breaks, loans, and grants for capital projects such as land development, buildings, equipment, and working capital. They can be targeted primarily at larger companies relocating from elsewhere, at businesses contemplating moving to another location, or at businesses of any size seeking to grow and employ more people. Other programs may include working with businesses to provide customized training and technical assistance, which increasingly encompass entrepreneurship support such as training, developing incubators, or facilitating networks. Economic developers may promote new projects such as industrial or commercial parks and enterprise zones, infrastructure improvements for water, wastewater, or broadband, and downtown or Main Street revitalization. In

better-resourced organizations, staff may conduct economic analyses to better understand the local economy and its strengths and opportunities, or to quantify the economic impacts of a new development or a factory closure.

Politically, economic development tends to be a high priority for governors, county commissioners, and mayors, which often translates into enthusiasm for recruitment strategies with overblown expectations for more jobs and tax revenues. Not only has this led to what can only be described as a misdirection of resources, particularly in rural regions, but also a culture of secrecy and deal-making, where details of incentive packages given to companies are shielded from public view. There has been a welcome increase in transparency and accountability in recent years, but the impression of exclusion remains.

THE GOAL OF RURAL WELL-BEING

These technical and political processes must be better attuned to changing rural realities. This requires a clear frame of reference for guiding decisions on which priorities to advocate and pursue. The recently published [Rural Well-Being](#) framework from the [Organization for Economic Cooperation and Development \(OECD\)](#) may be helpful to regional and rural development practitioners. This is a significant update to its influential [The New Rural Paradigm](#) published in 2006, which signaled a shift away from a singular focus on agriculture and farm subsidies to the idea of rural competitiveness based on local assets, multi-sectoral approaches, investments rather than subsidies, and multi-stakeholder collaboration.

The Rural Well-Being framework advocates for an integrated rural development approach across public, private, and nonprofit sectors and all policy areas, and encompasses the following dimensions:

- **Economic well-being** has two primary goals. First, *the generation of income and wealth* for individuals, households, and communities that allows them to meet their essential needs for food, housing, healthcare, education, and transportation, and to make choices that contribute to their individual and community security and personal satisfaction. Second, *the equitable distribution of benefits from that income and wealth* so that economic well-being is widely-shared, irrespective of geography, race and ethnicity, or gender, and leads to broad-based opportunity and resilience.
- **Social well-being** also has two goals. The first is the *provision of affordable and accessible services* such as healthcare, education, housing, transportation, social, and community services. The second is the *weaving of the social and community fabric* that creates a sense of belonging and trust founded in positive relationships and networks developed through religious, cultural, sports, and educational institutions, cultural and family connections, and strong and inclusive governance. In other words, the empowerment of *all* citizens to live happy, healthy, and meaningful lives.
- **Environmental well-being** includes environmental quality such as the cleanliness of air and water, biodiversity, and the availability of green spaces that impact individual health status and overall quality of life. Moreover, the environment provides indispensable value for future well-being, notably the supply of food and freshwater, balanced ecosystems for pollution breakdown, climate stability, and recovery from natural disasters – all components of natural capital. Viewing the protection of the environment and economic growth as incompatible goals misses the point that economic, social, and environmental well-being are inextricably linked. The economic and social well-being of future generations is largely determined by how well policies and practices safeguard and sustain natural capital today.

EMERGING THEMES IN RURAL ECONOMIC DEVELOPMENT

This expansive view of rural development and rural well-being clearly goes beyond the roles of and expectations for most rural economic developers. It is undoubtedly challenging. But a [series of conversations](#), conducted in 2020 as part of the [Aspen Institute’s Thrive Rural](#) initiative with practitioners, policy analysts, and academics well-versed in rural economic development, provides insights into what might be possible. While these conversations revealed a general agreement that economic development in the United States is evolving, there was a range of opinions as to how fast, how far, and how effectively

it is changing. This is reflected in the variety of definitions of economic development offered in these conversations, some of which were based on past realities, some on what it perhaps should be, and others on practical experiences in specific places. Some definitions were narrowly focused, others were broad and comprehensive; some referred to the “why” of economic development, others to the “what” or the “how.” They, in turn, were influenced to differing degrees by the range of theories and ideas upon which economic development is founded and by the shifting forces that are shaping societal views about what is important. Encouragingly, their views of current shifts in and future directions for rural economic development align well with the aforementioned Rural Well-Being framework. Overall, six themes emerged from these conversations:

- **Shifting from recruitment as the primary economic development strategy.** For most rural communities, attracting companies to relocate and provide jobs is a pipe dream. The intensely competitive world of business attraction favors a relatively small number of highly connected, metropolitan economies with pools of high-skilled workers and strong quality of life assets. The exception is for activities and land uses which are not wanted near urban and suburban areas, such as prisons, landfills, and polluting industries, where rural leaders may be willing to trade-off negative social and environmental impacts to secure jobs in the short-term. Fortunately, there is a shift from recruitment strategies, especially in rural regions, to retaining and supporting existing businesses and economic generators, such as [health](#) and [educational](#) facilities, and creating [favorable conditions for entrepreneurship](#).
- **Building on community and regional assets.** The shift from emphasizing a place’s deficits as a way of attracting external resources and assistance to recognizing and building on its assets has been a long time coming. An asset-based approach to community and regional development has now become a widely-held principle in many regions. Using local strengths as the basis for marketing and investment has become the foundation for small business and entrepreneurship development. Asset-based development models such as [WealthWorks](#) aspire to be transformational in connecting marginalized people and places to the larger economy. They focus on ownership, control, and influence over community assets and linking these assets to market opportunities through the strengthening or building of value chains. These assets are not just financial, important as these are, but also intellectual, individual, social, and political capital – the ideas, skills, relationships, and connections that are at the heart of community vitality – as well as the unique assets of a place – its natural, built, and cultural assets.



- **Integrating economic development into broader strategies and systems.** The complex social, economic, and environmental challenges facing communities and regions demand responses that are comprehensive, integrated, and sustained. Rural development, to be effective and achieve impact, must at the very least integrate economic, workforce, and community development, but the pandemic has underscored the need to recognize that health systems and healthcare services, as well as education, housing, and transportation, are all **integral parts of the rural development system**. This requires bringing together policies and funding streams from federal, state, local, private, and philanthropic resources to encourage and support projects and programs with numerous objectives across multiple fields and functions.
- **Embracing regional collaboration.** Practical responses, both to the increasing complexity of the challenges faced by rural communities and economies, and to the limited resources and technical capacity in local governments and nonprofits, have led to **greater voluntary collaboration** across jurisdictions, organizations, and sectors to share ideas, pool resources, and plan strategies. In economic development, such collaboration may encompass multi-jurisdictional planning through Comprehensive Economic Development Strategies (CEDS) and public-private partnerships. It can include linkages with universities for technology transfer and specialist expertise, and with community colleges for workforce development programs, as well as joint efforts with utility companies and others to pursue infrastructure and service improvements. These approaches must now be extended to include local and regional collaborations with and among hospitals and clinics, community foundations, economic development districts (EDDs), councils of governments (COGs), electric cooperatives, and community development financial institutions (CDFIs) which all have the potential to act as rural development hubs, anchors, convenors, and coordinators to advance community and regional goals.
- **Pursuing equitable development.** Equity is a slowly emerging dimension of rural economic development. The intersectionality of geography, race, class, and culture raises hard questions as to the quantity and quality of resources that flow in and out of rural America. **Experience with emergency aid funds** during the pandemic showed that rural, Black, Hispanic, and Tribal businesses were shut out by the financial system, which required rural governments and philanthropy to step up to provide interim relief. This, of course, was just the most recent in a long line of systematic exclusions with which Tribal, Black, and Latinx populations have been contending for generations, but which still have economic development consequences today. Recognizing and responding to these inequities means addressing

questions about who benefits from economic development - and who loses. Who gets the jobs and at what pay? Who takes the profits and where do they go? Who must deal with environmental consequences? These questions echo the goals of economic, social, and environmental well-being referred to earlier.

- **Stewarding natural environment and resources.** Connection with the land, specifically the management and use of natural resources, whether through farming, forestry, fishing, mining, or recreation, remains at the heart of rural life. However, climate change is having serious impacts on rural communities and economies. Wildfires, droughts and high temperatures, floods, hurricanes and tornadoes, and rising sea levels are directing attention to measures to make communities and landscapes more resilient through better land use and development decisions. **Smart growth** is one framework weaving issues and actors together to explicitly address a range of development and conservation strategies. The need to transition for both economic and environmental reasons from coal and other fossil fuels towards renewable energy is creating economic and community disruption and **opportunity** that must be managed through economic diversification and workforce development efforts. Natural resource and land stewardship may prove to be the next economic development frontier, but the issue of ownership and control is the greatest barrier to equitable and sustainable development. The **growing concentration** of land ownership in the hands of large, often foreign corporations and the federal government removes the most **important asset** from rural communities.

▣ OPPORTUNITIES FOR CHANGE

Given these goals and evolving directions for rural economic development, what are the opportunities to increase the pace and scope of change? Here are three that may have some traction:

- **Advocating for a comprehensive and integrated federal policy for rural America.** Many have pointed to the need for a systemic transformation of the way the federal government invests and engages with rural America. The current plethora of "**outdated, fragmented, and incoherent**" programs is the antithesis of a comprehensive and integrated federal policy that seeks to tackle the array of challenges faced by rural communities and regions. Although there have been recent substantial injections of funding to help rural families and communities recover from the effects of the pandemic, there is still an urgent need for a national framework for long-term transformation that will refocus rural development in line with the well-being objectives described earlier. Of particular importance would be support for locally- and regionally-led planning



and capacity-building efforts that would help regions and communities identify and build upon their unique assets, and pursue equitable, comprehensive, and integrated development.

- **Supporting new generations of rural development practitioners.** With substantial turnover in economic development leadership and staff, responsibilities will fall to younger, more diverse practitioners who are showing themselves more open to innovative and comprehensive approaches. Clearly, the content and methods for educating and training prospective and incumbent economic developers are critical to changing the way rural economic development is practiced. Fortunately, the curricula of many graduate courses in areas such as public policy and public affairs are already introducing students to some or all the themes described earlier. National organizations are also supporting the next generation of leaders. These include the [International Economic Development Council \(IEDC\)](#) which works with and accredits practitioner economic development training courses across the country, and the [NADO Research Foundation](#) which organizes an Emerging Leaders program for staff at Economic Development Districts. But it will be the responsibility of state and local governments, public-private partnerships, community development organizations, and others to introduce creative ways to attract and retain new rural economic development talent. To do this, they will need to embrace and advance the shifts underway.
- **Adopting new metrics for success.** Simply claiming the number of jobs created by tax incentives or public investment, [although long-discredited](#), remains politically attractive. Notwithstanding dubious and opaque counting methods, the quality of jobs in terms of pay, benefits, security, and prospects are invariably more important. In addition, public, philanthropic, and corporate funders often impose urban-centric success and return on investment criteria that do not reflect rural realities or ignore what is important to rural businesses, economies, and communities.

What is needed are new success metrics that focus on job quality, business resilience, sustainability, community wealth retention, local ownership, decreases in racial and geographic inequity, and increases in opportunity and economic mobility. Moreover, collaboration and integration efforts that lead to enhanced social, economic, and environmental outcomes should be recognized and rewarded.

RURAL ECONOMIC DEVELOPMENT WITH A PURPOSE

Taking a fresh look at rural economic development using the lens of rural well-being brings into focus the imperative of pursuing an integrated array of economic, social, and environmental goals across public, private, and nonprofit sectors. The good news is that there are already shifts underway that place less emphasis on recruitment strategies, build on community and regional assets, integrate economic development into a broader strategies and systems, embrace regional collaboration, and pursue equitable development. There is still much to be done, but there are clear opportunities in moving to a more comprehensive and integrated federal policy for rural America in attracting, retaining, and supporting new generations of talent, and in redefining what success looks like for rural development.



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This brief was published by the NADO Research Foundation using Federal funds under award ED17HDQ3030005 from the U.S. Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the author and do not necessarily reflect the views of the U.S. Economic Development Administration or the U.S. Department of Commerce.

