Social Capital and Community Economic Development

in the Urban Midwest and Northeast

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Abstract

Economic development relates to the concerted efforts to promote improvements in quality of life by promoting economic growth (Leigh & Blakely, 2016). Social capital as defined by the strength of community networking and integration is seen as a component of cooperative game theory (Michalak et al., 2015). Social capital is identified as an important factor in promoting economic development in a community (Rupasingha et al., 2000; Hanka & Engbers, 2017). The urban areas of the Midwest and Northeastern United States have attracted attention for economic revitalization efforts due to the steep decline in economic position after World War II, which left some areas in a socio-economically distressed condition and/or with steep population losses.

The research herein examines the potential use of social capital in assisting with community economic development, with a special focus on extracting the differential impact of social capital on promoting economic growth in the urban Midwest and Northeast of the United States. Discussion includes parameters that communities may encounter in pursuing development, such as those attributable to broader patterns in the economic system nationally and globally.

Keywords: community economic development, urban economics, social capital, Midwest, Northeast

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Introduction

In the United States, the Midwest and Northeast regions were leading areas of economic activity in the early history of the nation. From the founding of the country in the late 18th century through the Civil War era of the 1860s and then on to the post-World War II era in the late 1940s and 1950s, the Midwest and Northeast regions of the country became the most industrialized areas of the United State (Yeates, 1998). The industry and other activity in the early years of the nation resulted in those regions initially developing as the most populous of the country with the largest, most economically prosperous cities. However, this region would face relative economic decline, with associated population and industry losses, in the last half of the 20th century. In the 1960s and 1970s, various social and economic factors would impact the ability of major urban areas in the Midwest and Northeast to compete economically (Yeates, 1998). As the 20th century drew to a close, many communities within these urban areas were engaged in efforts to transform their communities to make them more economically vibrant, including some communities within these regions which face various levels of social and economic distress. This inquiry will investigate some of the explanations for the rise and fall of the major cities and the Midwest and Northeast, then move towards some potential pathways for economic regeneration, including a special focus on how collaboration between individuals and organizations in the community may impact opportunities for economic growth. Accordingly, this investigation will seek the question of how social capital can impact economic growth in urban America.

There has been substantial interest in community-based groups coming together in an organized fashion to address social and economic ills in American communities since the Progressive Era (Graebner, 1977). The government may play an influential role in promoting development by addressing economic issues that have not been resolved by the market (Feldman, Hadjimichael, et al., 2015). Economic actors including businesses and individuals have incentives to engage in collective action to address issues that impact economic development (Hoyman et al., 2016; Moon, 2013). Gaining a better understanding of social capital influences regional growth may assist a region in promoting regional economic development.

Exploratory research, through the conduct of a critical review of literature relating to social capital and economic development, has been conducted with a special focus on issues about the Rust Belt urban areas in the Midwest and Northeast regions of the United States. Internet search engines including the EBSCOhost research database, Google, and Google Scholar were utilized to assist in completing the review. The primary focus for the review is research conducted within the most recent ten (10) years going back to the year 2014, although related foundational research from before this period was considered and incorporated.

Following the detailed background review of research, an analysis is presented which discusses key points uncovered during the exploration. The analysis outlines overarching themes in theory and practice that were uncovered during the research involving the relevant macroeconomic patterns, social capital, and the impact or possible impact on economic development in the urban Midwest and Northeast. The review considers the impact of three perspectives relating to urban economic development including community-based perspectives, place-based perspectives, and market-based perspectives. Finally, after completing the analysis, recommendations, or considerations for those engaged in community economic development, sustainable development, and related efforts targeted towards urban communities of the Midwest and Northeast are provided.

Literature Review

Communities form because of human interdependence in achieving higher standards of living (O'Sullivan, 2018). If individuals, households, or families were able to produce everything they needed or desired, then there would be little need to be near other people to engage in trade and other economic activities (O'Sullivan, 2018). Given that extreme self-sufficient is far from the norm, towns and cities develop as meeting points where goods and services can be exchanged for other goods and services. As society has advanced and increased its reliance on industrialization, internal scale economies allow manufacturers and processors to produce goods more efficiently and affordably than someone trying to produce such goods on their own (O'Sullivan, 2018). An agglomeration economy is fomented as clusters of businesses and workers involved in the same industry are attracted to a particular location due to the benefits and cost savings that come from being near the industry (Berliant, 2000; O'Sullivan, 2018). In an agglomeration economy, businesses can take advantage of having access to a ready-made labor pool that is created being in a location filled with other related industries (O'Sullivan, 2018). Secondary support industries that cater to the businesses also line up such as vocation centers, schools, and universities that train students to be engaged in the industry or businesses that produce parts or provide services for businesses involved in the industry (O'Sullivan, 2018). People in the labor market benefit from moving to a location where their skills are in high demand (O'Sullivan, 2018). Finally, non-economic factors arise from the sheer density of the population in a locality, and so service industries, such as food and entertainment, crop up to cater to consumer demand (O'Sullivan, 2018).

Foundations of Urbanization in Western Civilization

Going back throughout Western history, the first cites developed as humans transitioned from being hunters and gatherers to farming (O'Sullivan, 2018). The agriculture surpluses enabled small farming communities to trade their surplus with others (O'Sullivan, 2018). Later, communities would need to build defensive structures to trade their surpluses or purchases from theft or raids from others outside the community (O'Sullivan, 2018). These earlier communities would also establish religious temples or centers as organized religions grew (O'Sullivan, 2018). The utility of cities as market, defensive, and religious centers continued to grow under the Greek and Roman empires, while cities also began to become more culturally and politically dynamic (O'Sullivan, 2018).

Other empires would compete with and succeed the Greeks and Romans, and trade would flourish within these empires, which further precipitated the growth of cities (O'Sullivan, 2018). By the 15th century, even larger mercantile cities would emerge with around or more than 200,000 people, such as London, Naples, and Paris (O'Sullivan, 2018). These mega-cities would have more elaborate defense fortifications and house centralized administrative powers over the breadth of the empires (O'Sullivan, 2018). Expansion of long-distance trade would further be enabled by overseas travel and the European discovery of the Americas (O'Sullivan, 2018).

The Industrial Revolution would mark a critical point in the shift to more rapid urbanization between the 19th and 20th centuries (O'Sullivan, 2018; Yeates, 1998). At the beginning of the 19th century, the world remained predominantly rural despite the existing emergence of mercantile cities with large populations (O'Sullivan, 2018). Innovations occurred that had a direct and indirect impact on the growth of cities. Manufacturing grew and, along with the mass production of consumer products, the advancements provided more time-saving and labor-saving machinery and tools (O’Sullivan, 2018). Manufacturing also requires more labor to work in factories (O’Sullivan, 2018). Enhancements in agricultural machinery and tools meant there was less need for labor to support work on farms, so some children of farmers and other workers who typically would have lived their lives in agriculture were now positioned to seek work in the cities (O’Sullivan, 2018).

Emergence of Cities in the Early United States

In the United States, the Industrial Revolution resulted in even larger industrial cities, while also influencing the nature of economic activity as the nation moved through the 19th Century (Hartshorn, 1992; O’Sullivan, 2018; Yeates, 1998). At the time of the start of the American Civil War in 1861, the Northeast and Midwest regions of the country had several significant cities with industrial activity including New York, Boston, Chicago, Philadelphia, Cincinnati, and others (Hartshorn, 1992; O’Sullivan, 2018; Yeates, 1998). The industrial advantage in Northern cities has been credited with giving the Union an advantage in the war with the Confederate States of the South (Hartshorn, 1992; O’Sullivan, 2018; Yeates, 1998). Meanwhile, steam-powered innovations in rail and ship transportation helped decrease travel time and facilitate the development of more expansive trade networks across different cities (Hartshorn, 1992; O’Sullivan, 2018; Yeates, 1998). Increased efficiencies in intercity transportation, with railroads and canals, meant that businesses in some regions were able to exploit their comparative advantage in providing products over the regional and national level, which contributed to agglomeration economies where localities or regions could specialize in certain industries (O’Sullivan, 2018). The available and increased utilization of automobiles meant that workers and business owners no longer needed to live within walking distance of their place of employment (O’Sullivan, 2018). People living in the cities would also be free to live in areas of the city that were not immediately adjacent to areas where they shopped or received services (O'Sullivan, 2018).

In the latter 19th century and into the 20th century, there would be continued industrialization with the never-ending search for the next coming thing, including continued impact on transportation and construction that would also impact economic activity and the development of cities (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). In the early part of the 19 century, most American cities were walkable (O'Sullivan, 2018; Yeates, 1998). The development and expanded use of streetcars, and later automobiles, meant that workers and business owners no longer needed to live within walking distance of their place of employment (O'Sullivan, 2018; Yeates, 1998). People living in the cities would also be free to live in areas of the city that were not immediately adjacent to areas where they shopped or received services (O'Sullivan, 2018). In areas where real estate was in high demand, rent would grow in height, as new construction technology supported the emergence of skyscrapers and other multistory buildings to meet the high demand for real estate for commercial and/or residential use (O'Sullivan, 2018;). Cities would emerge with zones or districts that were dedicated to one function or another, such as downtowns or central business districts, industrial areas, residential areas, and so forth (O'Sullivan, 2018).

20th Century Northeast and Midwest Urban Growth and Decline

In the 20th century, America's biggest cities would continue to expand spatially and through larger populations (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). There would be waves of immigration and migration that contributed to the growth of American cities in the Midwest and Northeast (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). Notable immigration occurred as Eastern and Southern Europeans came to settle and work in American cities (Boehm & Corey, 2023; Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). Industrial cities continued to attract workers from smaller towns and rural areas (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). African Americans in the South, who were slaves before the Civil War and would face social and economic repression from Jim Crow laws for a century afterward, would begin a Great Migration away from the South and into cities in the Northeast, Midwest, and West were there was more economic opportunity in factories and elsewhere (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998).

In the early 20th century, social scientists would study the economic arrangements of towns and cities, and German geographer Walter Christaller is credited with being the first to outline central place theory, which is among theories related to economic development borrowed regional science (Leigh & Blakely, 2016). The theory has been used to describe systems, such as how central place theory is used to describe the system of human settlements and economic agglomeration in regional science and economic development (Hartshorn, 1992). An example of central place theory is a historical account of the growth of Chicago's economic power at the turn from the 19th to the 20th century, where early 20th century Chicago is seen as ranking as a second-order region in the national economic hierarchy behind only New York; while it held influence as a regional economic capital over third-order regions such as Indianapolis, Milwaukee, Minneapolis-St. Paul, Kansas City, and Denver among others (Cronon, 1991). Where central place theory would appear to emphasize spatial relationships and distance in determining economic outcomes, location theory takes a more firm-specific approach to explain how systems of economic agglomerations occur that is more based on business and management theory (King, 2020; McCann, 1995).

A major economic critical point would come in October 1929, when the stock markets crashed on Wall Street with impacts that flowed across the nation and world resulting in the Great Depression (Boehm & Corey, 2023; Lind, 2012). The Great Depression would exacerbate some migration away from the most stagnant areas, but then World War II would be another critical point (Boehm & Corey, 2023; Lind, 2012). The Great Depression would eventually result in the American government moving assertedly away from only having limited involvement in the economy of local communities (Boehm & Corey, 2023; Lind, 2012). In response to the Great Depression, President Herbert Hoover and the United States Congress responded with a limited range of federal relief (Boehm & Corey, 2023; Lind, 2012). However, in 1932 Franklin Delano Roosevelt resoundingly defeated Herbert Hoover in the president election and came up with a new economic strategy (Boehm & Corey, 2023; Lind, 2012). When he took office in March 1933, Roosevelt embarked on a set of economic policies that would become known as the New Deal to get many of the unemployed back to work (Boehm & Corey, 2023; Lind, 2012). The Roosevelt Administration was influenced by the economic philosophy of British economist John Maynard Keynes, who counseled governments to intervene in the economy in times of recession to stimulate economic demand even if that entailed government deficit spending. Although the New Deal helped ameliorate aspects of the Great Depression, World War II contributed to ending the Great Depression as it generated a heavy amount of economic opportunity to support the Allied war effort, which drew further workers and their families to the cities (Boehm & Corey, 2023; Lind, 2012). A more lasting impact of the Great Depression, aside from some major public works projects, was pulling the American government away from a strongly embedded attachment to neoclassical laissez-faire economics to the incorporation of Keynesian economic theory that encourages government intervention, which would contribute to the expansion of government policies and programs to support economic development and related efforts in subsequent decades (Lind, 2012).

In the aftermath of World War II, which ended in 1945, the United States was left as a military superpower and economic heavyweight (Lind, 2012, O'Sullivan, 2018). Although a major combatant in the war, the infrastructure of the continental United States was left physically unscarred from the war, while other major combatants in Europe and Asia were devastated by the conflict and in need of major reconstruction (Lind, 2012, O'Sullivan, 2018). The United States was in a unique position to lead the world and assist other nations through the Marshall Plan to address reconstruction and from the standpoint of its industries being in a strong position to meet the demand for goods (Lind, 2012, O'Sullivan, 2018). The United States would benefit from the situation with a post-war economic boom, but it would come with some new patterns of economic development that would primarily end up impacting many of the major cities of the Northeast and Midwest (Lind, 2012, O'Sullivan, 2018).

One major pattern impacting the large cities of the Northeast and Midwest in the Post World War II era was suburbanization (Boehm & Corey, 2023; Lind, 2012, O'Sullivan, 2018, Yeates, 1998). While the streetcars and automobiles had already induced some movement of mostly more affluent families to leave congested cities to go live in outlying areas of some cities in the early 20th century, government policy helped accelerate in the 1940s and 1950s (Boehm & Corey, 2023; O'Sullivan, 2018). The Servicemen's Readjustment Act, better known as the GI Bill, was passed by Congress in 1944 before World War II ended (O'Sullivan, 2018). At the end of the war, the GI Bill would provide three benefits that helped many previously poor and working-class veterans come home to an environment with more economic opportunity and social mobility, which included affordable loans to buy a house, affordable loans to start a business, and payment of tuition and living expenses to attend college or vocational school (O'Sullivan, 2018). Millions of veterans would become able to afford living in these outlying areas of major metropolitan areas (O'Sullivan, 2018). Additionally, government policies supporting highways to complement automobile travel accelerated the ability of people to live away from where they worked, most notably the Federal-Aid Highway Act of 1956 which laid the groundwork for the Interstate highway system (Lind, 2012, O'Sullivan, 2018).

A second major pattern, that heavily impacted cities in the Northeast and Midwest, was the decline in manufacturing and other job sectors which is attributed to various factors (Boehm & Corey, 2023; Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). Major countries that were devastated by World War II began their recovery, including Japan and the countries in Western Europe like the United Kingdom, France, and West Germany (Hartshorn, 1992; O'Sullivan, 2018; Yeates, 1998). By the early 1960s, these countries were able to be competitive with the United States. By the 1980s, Japan was a leading economic power challenging the United States with increased industrialization and manufacturing exports, along with the Four Asian Tigers of Hong Kong, Singapore, South Korea, and Taiwan (Lind, 2012; O'Sullivan, 2018; Yeates, 1998). More recently, China has emerged as a primary strategic economic competitor (Lind, 2012; O'Sullivan, 2018). Innovations have continued in the post-War with more processes being automated, expansions in the use of computerized applications, and more contemporary experimentation with the use of artificial intelligence (Lind, 2012; O'Sullivan, 2018). Continued innovation meant a continued reduction in the number of workers needed to engage in the industry (Lind, 2012; O'Sullivan, 2018).

A third area relates to an amalgamation of social and political aspects that have impacted cities in the Northeast and Midwest in the latter half of the 20th century, including the emergence of decline in central cities at the expense of their suburbs (Boehm & Corey, 2023: Yeates, 1998). During the 1950s, 1960s, and early 1970s there were political and social conflicts over cultural issues, racial matters, and the war in Vietnam (Boehm & Corey, 2023). Protests were commonplace in cities and college campuses (Boehm & Corey, 2023). In the mid-to-late 1960s, there were race riots in several American cities the contributed to waves of middle-class and predominately White flight way from the central cities (Boehm & Corey, 2023; Kweit & Kweit, 2013). In some instances, riots included arson and vandalism that caused extensive damage to businesses and property causing some business and property owners to determine to leave their community (Boehm & Corey, 2023).

Another example of a social issue that contributed to central city population loss through middle-class flight is school busing (Kweit & Kweit, 2013). In 1954, the Supreme Court declared that segregated schools were not legal in the Brown v. Topeka, Kansas Board of Education, and that states and localities need to move forth deliberately and end racial segregation (Boehm & Corey, 2023). At first glance, the Supreme Court ruling would primarily impact the Southern United States where segregation was more likely to be in place by law; but other areas of the country, including the Northeast and Midwest, had de facto segregation from a combination of culture, informal discrimination, and practices such as redlining that helped promote the formation of segregated neighborhoods (Boehm & Corey, 2023, Kweit & Kweit, 2013). While busing children to school was typically done for instances where children met a certain standard for distance from the school location, in some cities, courts would mandate busing of children as part of an affirmative plan to create a racially mixed educational environment (Kweit & Kweit, 2013). Busing included transporting black children to schools in White neighborhoods and transporting White children to schools in Black neighborhoods, which engendered frustration from some parents (Kweit & Kweit, 2013). Some families stayed in their neighborhoods and continued sending their children to public schools or would send their children to private schools. However, some families ended up moving to a suburban district or placing their children in a private school to bypass the busing issue (Kweit & Kweit, 2013). The resultant middle-class flight is posited to contribute to the loss of community capacity and the loss of capital investment in the central cities (Boustan, 2010).

The real or perceived criminal activity is another major factor attributed to the economic decline of some major cities (Kweit & Kweit, 2013). In the mid-1960s, there was a significant increase in crime in urban America that would not significantly begin to drop until the early 1990s. Hipp et al., (2019) bring attention to the issue of crime and the perception of disorder that is directly relevant to neighborhood business development and expansion. Hipp et al. (2019) note a growing body of research into the connections between neighborhood conditions and crime and outcomes for various social and economic indicators. Hipp et al. (2019) consider that crime has a negative financial impact on the financial side of business and that higher neighborhood violent crime and property crime are strongly associated with business failure. Furthermore, Hipp et al. (2019) find that the presence of existing crime in a neighborhood is a strong indicator of the likelihood for businesses to not be located in a neighborhood.

The post-World War II economic restructuring, unrest, and the reaction to social and political conflict that impacted American cities coincided with a significant decline in the economic vitality and population of American urban areas (Kweit & Kweit, 2013; Yeates, 1998). The 1950 United States Census would turn out to be a major critical point for many of the largest cities in the Midwest and Northeast, as through the beginning of the 21st century it would be the largest population recorded in their history (Kweit & Kweit, 2013; Yeates, 1998).

Along with economic competition from foreign countries and competition for citizens from their suburbs, central cities in the Midwest and Northeast were caught struggling amid economic competition with the South and West, as industry was attracted to the lower cost of labor, lower cost of living, and a more relaxed climate for business in the latter two (Boehm & Corey, 2023, Lind, 2012). In the closing decades of the 20th century, areas of the Midwest and Northeast that previously were booming with industry, and struggled as manufacturing jobs declined, would become known as the Rustbelt (Boehm & Corey, 2023; Kweit & Kweit, 2013; Yeates, 1998). Meanwhile, the most economically depressed and socially isolated areas of a city would be referenced as the inner city (Kweit & Kweit, 2013). As indicated in Table 1 below, eighteen (18) large Midwest and Northeast cities with populations over 100,000 at the 1950 Census would eventually lose more than 25% of their population by the 2020 Census (US Census, 2024).

Table 1

100,000+ Population Midwest and Northeast Cities in 1950 with Losses Exceeding 25% by 2020

City	Region	1950 Population	2020 Population	% Lost
Detroit, MI	Midwest	1,849,568	639,111	-65.45%
Cleveland, OH	Midwest	914,808	372,624	-59.27%
St. Louis, MO	Midwest	856,796	301,578	-64.80%
Pittsburgh, PA	Northeast	676,806	302,971	-55.24%
Buffalo, NY	Northeast	580,132	278,349	-52.02%
Cincinnati, OH	Midwest	503,998	309,317	-38.63%
Newark, NJ	Northeast	438,776	310,350	-29.27%
Rochester, NY	Northeast	332,488	210,943	-36.56%
Akron, OH	Midwest	274,605	190,164	-30.75%
Dayton, OH	Midwest	243,872	138,060	-43.39%
Syracuse, NY	Northeast	220,583	147,033	-33.34%
Youngstown, OH	Midwest	168,330	60,598	-64.00%
Flint, MI	Midwest	163,143	81,201	-50.23%

Table 1 Continued

City	Region	1950 Population	2020 Population	% Lost
Gary, IN	Midwest	133,911	69,093	-48.40%
Trenton, NJ	Northeast	128,009	90,662	-29.18%
Scranton, PA	Northeast	125,536	75,950	-39.50%
Camden, NJ	Northeast	124,555	71,976	-42.21%
Canton, OH	Midwest	116,912	70,784	-39.46%

Note: Adapted from US Census data maintained at census.gov retrieved in 2024.

Eventually, the suburban areas of many metropolitan regions would transition from being bedside communities where people came to live while still working in the central city to becoming places where people also worked and shopped (Rusk, 2014; O'Sullivan, 2018). Office buildings, major malls, and shopping centers cropped up in outlying areas of major metropolitan areas creating new centers of economic activity that competed with the tradition downtown or central business district (Rusk, 2014; O'Sullivan, 2018). In some metropolitan areas, the central city has been hollowed out with the combined decline in downtown, loss of industry, and population loss (Rusk, 2014; O'Sullivan, 2018). The intra-metropolitan movement of population and business out of the central cities, while the suburban regions have grown has resulted in some metropolitan areas being described as being "donut cities," as the region is seen as physically having a solid core ring of growth in the suburbs surrounding an empty hole in the middle with a diminished central city (O'Sullivan, 2018; Rusk, 2014).

The decentralization of population and economic activity has left many metropolitan areas with a large degree of political and social fragmentation (Rusk, 2014, Yeates, 2018). Up until the early 20th century, the typical major city in the Midwest or Northeast overwhelmingly dominated the metropolitan area's population and economic profile Rusk, 2014, Yeates, 2018). In the newer environment, the urbanized area traverses the central city and multiple other jurisdictions in suburban areas including other municipalities (cities, towns, or villages), civil townships, and sometimes multiple counties or states Rusk, 2014, Yeates, 2018). The greater diversity of local jurisdictions provide prospective residents with a wider away of options to consider when making individual or family decisions on where to choose to live within the metropolis Rusk, 2014, Yeates, 2018). The various local jurisdictions typically provide an array of different options not just in different housing types and neighborhood environments, but also with divergent taxing and spending postures of the local government, along with differing batches of public services that are offered by the local government Rusk, 2014, Yeates, 2018). Some believe the competition will enhance local government performance, with governments being forced to be more efficient and effective in fighting to attract residents to their jurisdiction (Boyne, 1996). On the other hand, fragmentation is thought to be a potential obstacle to advancement when there are region-wide solutions to problems that are not addressed (Moore-Cherry et al., 2021; Rusk, 2014). In an environment where metropolitan areas are not just competing with other areas of the country, but are increasingly being forced to a global scale, the potential exists for stronger metropolitan-level collaboration to influence the economic competitiveness of the region (Moore-Cherry et al., 2021; Rusk, 2014).

Social Capital and Efforts at Economic Revitalization

Government, at all levels, impacts community economic development (Leigh & Blakely, 2016; Mazalia et al., 2020). Federal, state, and local governments have programs that may have distinct initiatives (Leigh & Blakely, 2016; Mazalia et al., 2020). However, community economic development is an arena that fairly often involves intergovernmental relations for purposes of administering programs (Leigh & Blakely, 2016; Mazalia et al., 2020). Programs funded at the federal level are generally administered through state and local agencies (Leigh & Blakely, 2016; Mazalia et al., 2020). A major federal department for administering community economic development initiatives is the United States Department of Housing and Urban Development (HUD) (Leigh & Blakely, 2016; Mazalia et al., 2020). HUD Community Development Block Grants (CDBG) are an example of funds distributed by the Federal government to finance community development projects. State and local jurisdictions have economic development programs that are normally administered through specified departments (Leigh & Blakely, 2016; Mazalia et al., 2020). Typical departments that administer local economic development programs include departments of neighborhood services, planning, community development, planning and development, economic development, housing and development, and related department titles (Leigh & Blakely, 2016; Mazalia et al., 2020). In addition to funds specifically designated for community economic development, states and localities may leverage local amenities such as the existing infrastructure, the promise of infrastructure improvements, or tax incentives (Leigh & Blakely, 2016; Mazalia et al., 2020; Morgan, 2011).

In the early decades of the 21st, the identification of strategies to promote urban community development remains a core issue in efforts to rejuvenate American cities within the Rust Belt region of the Midwest and Northeast (Lind, 2012; Kweit & Kweit, 2013; O'Sullivan, 2018). Even while some metropolitan areas have been able to head off a steep decline or slightly grow, the area's central cities have tended to be a shell of their former self with some exceptions (Lind, 2012; Kweit & Kweit, 2013; O'Sullivan, 2018). However, even in the best situations in the Rust Belt, the metropolis has some communities that are stagnant or failing (Lind, 2012; Kweit & Kweit, 2013; O'Sullivan, 2018).

In addition to government, non-profit and private organizations and individuals play a role in local development opportunities (Leigh & Blakely, 2016; Mazalia et al., 2020). The literature on community economic development highlights the initiatives undertaken in various regions and localities to improve prospects for individual businesses and industries or to promote a stronger community-wide environment for economic growth and development. Economic development initiatives may be undertaken unilaterally or in coordination with various local stakeholders (Leigh & Blakely, 2016; Mazalia et al., 2020). Social capital, where organizations have strong bonds or connections internally and externally, is seen as influencing the nature of social and economic progress in communities (Szreter, 2002).

Robert Putnam's concept of social capital is that social networks have value (Putnam, 2001). The value of social networks is not just from companionship or emotional support, but from an intrinsic worth. One way value is gained from social capital is through the provision of information, as information is shared among members of a social network (Putnam, 2001). Reciprocity entails the provision of mutual aid among members of the social network that occurs as people and groups help each other repeatedly over extended periods. As a component of social capital, reciprocity involves investment in the social network that also provides an anticipated return (Putnam, 2001). Collective action is an aspect of social capital that involves individuals or groups in concert to tackle an issue, problem, or task in a manner that provides more power than any individual or group acting alone (Putnam, 2001). Through collective action, individuals or groups also establish a foundation of social relationships that support future initiatives. Another aspect of social capital includes the perpetuation of group identity and solidarity that is harnessed through a sense of empowerment as people sense they are part of a larger community (Dodd & Brummette & Hazleton, 2015).

Pierre Bourdieu viewed social or cultural capital as a collection of resources and potential resources that are available to individuals or groups that result from established relationships that allow them to be connected to those resources (Davies & Rizk, 2017). Unlike Putnam (2001) who has a broad focus on social capital, Bourdieu has a narrower focus on relationships with the societal elite (Davies & Rizk, 2017). In Bourdieu's view, relational ties allow people to get closer to valuable resources or potentially valuable resources that are absorbed into their social network (Davies & Rizk, 2017. In Bourdieu's view, there is also power gained from having exclusive relationships where limited numbers of individuals or groups have gains in social capital due to having access to social networks that were not necessarily broadly accessible in society (Davies & Rizk, 2017).

Mancur Olson was a 20th-century political economist who theorized on the impact of collective action, with an emphasis on the actions of groups that have a financial incentive for collective group associations such as trade associations (Knack, 2003). Olson somewhat conflicts with Putnam in that associations are seen primarily being driven by private interests that have cost the rest of society versus Putnam's view that associations helped bind society together (Knack, 2003). As it relates to social capital, Olson considered that groups were comprised of individuals who also had their private interests (Knack, 2003). Olson theorized that groups have common interests that represent the interests of a system-wide entity such as a group or organization. However, individuals are prone to adhere to seeking their private interests unless there is some incentive or pressure placed on them to push them to promote group interests over private interests (Knack, 2003).

The ability to cultivate mutually beneficial relationships is seen as being critical to professional success (Hodson, 2005). Bridging social capital is social capital that allows members of a group or organization to connect with others who are from diverse backgrounds within or outside the organization (Putnam, 2001). Bonding social capital relates to situations where greater networking or cohesiveness is achieved among a relatively homogeneous group (Putnam, 2001). A situation in which there is strong bonding social capital will be typified by increased links and camaraderie among a group that is related to networking (Lin, 1999).

Social capital has been identified as a potential factor in helping communities pull together to navigate the changing economic, social, and environmental conditions that communities in the Midwest and Northeast operate in and pivot to sustainable development that revitalizes the community (Hanka & Engbers, 2017; Sadler, 2020; Westlund & Larson, 2016). Social capital has been identified as having a generally positive influence on economic growth (Hanka & Engbers, 2017; Rupasingha, 2000). Various community organizations are involved in work at the local level that aims to create, preserve, or revitalize various aspects of community life. Community organizations may be temporary or permanent groups developed at the town or neighborhood level which may include neighborhood associations, community councils, civic groups, and fraternal associations. Community organizations have been identified as providing a setting for enhancing social capital with the forum they provide for allowing neighboring individuals and groups an opportunity to collaborate and network (Kay, 2005). Building stronger social capital with stronger connections between area residents, businesses and organizations has been strongly recommended as a practice to prepare local communities for disasters and to assist in speedier economic redevelopment after a disaster (Aldrich & Meyer, 2014). Ryu (2017) also found that the ability of chief executives in public agencies to develop bridging social capital can help their organization during periodic funding crises.

One major type of organization engaged in local development activities is the community development corporation, which may also be referred to as a neighborhood improvement association (Kirkpatrick, 2007). A community development corporation is an organized non-profit entity that is engaged in economic development and other activities to bring improvements to a community or neighborhood. Kirkpatrick (2007) references two major types of community development corporations based on ideological orientation including those that are more market-oriented and those that are more interested in social issues. The role of community development corporations may be minimalist or expansive. Scally (2012) references that the impact of community development corporations in the United States is often hard to evaluate due to significant differences in the range of activities pursued by community development corporations. Glickman and Servon (2007) also reference that many community development corporations are involved in affordable housing but, with other services provided being inconsistent, there have been methodological issues attempting to compare community development corporations across various geographic units.

Entrepreneurs or businesses may be engaged in economic development activities individually or in concert with others in the community through business associations, such as a chamber of commerce (Leigh & Blakely, 2016). Businesses within a specific local geographic area or zone may be tied to each other even more closely through the development of business improvement districts (Brooks, 2008). A business improvement district is a zone where businesses are required to pay an assessment for improvements in the zone that benefit all businesses. The assessment is effectively an additional tax that the business pays for improvements in the zone, which is normally a commercial area such as a downtown or central business district, a neighborhood business district, or even specific block or another commercial strip (Meltzer, 2011). Business improvement districts are voluntary in the sense that the government does not force the establishment of the business improvement district. However, if a business improvement district is established, the businesses located within the zone will be required to participate, or at least pay the required assessment (Meltzer, 2011). Business improvement districts may be spearheaded by a group of business leaders in the zone, but government-enabling legislation will generally require a majority of businesses or property owners in the affected zone to signify their approval of the business improvement district (Meltzer, 2011). Strong benefits to having a business improvement district have been identified through the batch of services they provide to business owners (Brooks, 2008). Han, Morcol, Hummer, and Peterson (2017) studied business improvement district implementation in a Philadelphia neighborhood, however, and found that there were improvements to public safety in the initial five years after a business improvement district was implemented; but that the improvements tailed off – suggesting that such organizations need some action to keep renewed interest in the years following their foundation.

While the level of collaboration and networking in a community has been identified as having a positive association with economic growth and development in a community, there has been some discussion relating to negative social capital (Hanka & Engbers, 2017). There is a field of thought that views bonding social capital, in particular, as having some negative impacts. Potential negative impacts of bonding social capital have included potential segregation, along with discrimination or adverse impacts on groups that are not part of the membership of the group that has bonded (Hanka, 2017). Even if there is no conscious or affirmative discrimination, individuals and groups that have not networked within the bonded group are theorized to lose out on potential benefits that connection to that network could have provided (Hanka & Engbers, 2017). On the community-level scale, the incidence of crime is viewed in and of itself as negative social capital and has been identified as having a strong negative association with economic growth (Hanka & Engbers, 2017; Rupasingha et al., 2000). Logan and Molotch (2007) describe the potential advent of a landed elite in many cities, which is referred to as an urban growth machine, who strongly encourages economic growth in their community. While the growth machine has the potential to bring benefit to the community, the results may be more uniformly targeted to the members of the growth machine, leaving little benefit for other members of the community (Logan and Molotch, 2017). Other observers have found that the right combination of bonding and bridging social capital at the local level has led to a more positive association with economic growth (Woodhouse, 2005).

The impact of social capital on economic development is dynamic and contingent upon various factors, including how the social capital variable is operationalized, the unit of analysis as it relates to geography (e.g., national, regional, state, county), and types of stakeholders that are evaluated as influencing economic patterns. Some observers have noted methodological issues, such as weaknesses in the trust variable from the World Value Survey that has commonly been used to represent social capital in multinational studies (Hall & Ahmad, 2013). Torsvik (2000) identified that trust was a difference in economic success can be explained by social capital and found that trust was important to reducing transaction costs but warned that different types of trust may have different impacts on economic development prospects. There have been conflicting findings on the impact of social capital on economic development when evaluating it through the prism of Putnam organizations versus Olson organizations. Hoyman, McCall, Paarlberg, and Brennan (2016) analyzed data at the county level across the United States and found that Putnam organizations had a negative impact on income, while Olson organizations had a positive impact on income. Meanwhile, Knack (2003) conducted a cross-national study and concluded that Putnam organizations had a positive impact on economic development while finding limited support for Olson organizations having a positive impact on economic development. A larger part of the literature is focused on the association of social capital with economic development transnationally or on the national level down to the county-level. With a limited amount of literature regarding the impact of social capital on economic development at the sub-county level, there is room to seek answers influence of social capital within localities at the city, town, or neighborhood level where organizational social capital may be more clearly examined.

Analysis

During colonial times and the early part of the history of the United States, economic growth theories were influenced by Adam Smith's neoclassical economic theory which was more strongly predicated on the 'invisible hand' of the markets with government having a limited role that primarily related to national defense and domestic tranquility. In the middle of the 20th century, through the Great Depression and World War II, the federal, state, and local governments became more acclimated to intervening in the economy to promote interests including general welfare and economic development. In the latter half of the 20th century and into the 21st century, the role of social capital in economic development emerged as economic development has engaged citizens, government, and private enterprises in efforts to promote economic growth and sustainable of communities. This has strong importance to areas that have faced economic decline such as the Rust Belt regions in the Midwest and Northeast. Meanwhile, three key perspectives identified in literature about economic development which include community-oriented perspectives, market-based perspectives, and placed-based perspectives are pertinent to differing aspects of the theory relating to social capital's role in impacting economic development.

Community-Oriented Perspectives

Community-oriented perspectives on local economic development focus on the impact on the quality of life of the people of the community including improvements in indicators like median family income, health, education, etc. Community-oriented perspectives will tend to balance economic development goals with strategies to meet other social, cultural, and environmental goals. Community economic development may have goals to build more vibrant communities through such measures as building or rehabilitating affordable housing, promoting home ownership, implementing health and social service programs to support families, promoting entrepreneurship, and other efforts to bring jobs to a community.

Community-oriented perspectives give strong emphasis on outreach and participation from among the community, which has strong connections to social capital. Community-oriented development includes a concern for including public participation in planning and decision-making processes. Community engagement may be undertaken with the guiding principle that people impacted by a problem or proposed activities in their communities should have a voice in helping establish solutions or strategies. It is posited that the active participation of citizens can help make their community stronger and more resilient.

Community economic development (CED) promotes development using a defined process from the stage of conducting community needs assessments, to the community planning process, through the stages of implementation, and afterward. The Community Development Extension Library is an internet resource provided by the National Association of Community Development Extension Professionals (NACDEP) in collaboration with several like-minded professional associations, government agencies, and university extension centers that are engaged in community economic development activities. According to the Community-Based Economic Development Archives (2020), the process of conducting community-based economic development includes (1) initiating & scoping, (2) organizing, (3) assessing, (4) visioning & planning, (5) implementing, and (6) evaluating & reflecting. Other institutions and associations involved in community economic development may have processes that include similar elements.

Community capacity is an issue for consideration with a community-oriented development process, in particular with distressed or underserved communities, where there may be more trouble finding people with the right combination of technical literacy and/or available to engage in a process. Working-class and lower-income families tend to have lower involvement in public participation processes. People who are affected by the struggle to make ends meet for day-to-day living may tend to have less energy to devote to activities outside the home that do not have an immediate positive impact on their lives. Similar challenges arise in having members of the community in the place to help monitor the progress of development in regard to meeting targeted goals, thus potentially contributing to hampering the stability of certain economic development initiatives.

A major challenge of community-oriented initiatives is that even the most well-meaning proponents of a particular initiative may face barriers to communicating with the people they are ostensibly seeking to benefit. There can be a lack of trust from the citizens of a community if benefits were promised from previous economic development initiatives that were unrealized. There can be disillusionment or disaffection from members of society who have been marginalized for a long time due to a history of discrimination and/or generational poverty. Those seeking development may need to cultivate an environment in which expectations on what can be gained are properly managed. Proponents of development may also need to be prepared to be creative in the methods and processes utilized to engage various stakeholders and to be prepared to respond to misinformation that is commonplace in an era where information travels fast through the Internet and other media.

Market-Oriented Perspectives

Market-oriented perspectives on local economic development tend to be associated with neoclassical economics and focus on making policy adjustments to make the region more attract for private market business retention and expansion (Abreu, 2021). Market-oriented perspectives may consider the extent to which a locality has underutilized assets that could be exploited to promote economic growth by promoting the market functioning of the target locality. A market economy is oriented towards the view that firms working towards meeting consumer needs and desires are the main engine of economic growth. Accordingly, a market-oriented approach to develop will look to monetize the assets of a community to draw private sector engagement.

Another aspect of the market-oriented approaches to economic development may consider the opportunities for outside private interests to benefit from engaging the community. Particularly, in the instance of a low-income community that has been underserved, a market-oriented approach might also consider opportunities for business interests to consider investing in the community to grow and meet consumer demand in an untapped market. For example, an underserved community may have a food desert due to years of disinvestment in the community, but a market-oriented perspective will consider that the underserved community is an untapped or under-tapped market that could be targeted by a firm as a business development opportunity.

A primary challenge to the market-oriented perspectives is the challenge or allegation that they primarily benefit the investors rather than the people of the community that the supporters of an economic development initiative contend will most benefit from a new venture (Kirkpatrick, 2007). The market-oriented approaches will tend to be most associated with urban growth machine theory which postulates that the landed elites of a community will promote economic activity that promotes their interest that is not necessarily always to the benefit of the whole community (Logan & Molotch, 2017; Molotch, 2018).

Place-Based Perspectives

Placed-based perspectives tend to focus on the benefits of incorporating aspects of an area's cultural identity or other unique characteristics as a strategy for gaining a competitive advantage versus other regions or localities (Davies & Rizk, 2017). Place-base perspectives may borrow concepts from location theory, in particular agglomeration economics where an area experiences an economic advantage in having a cluster of firms and people congregating in one general area (McCann, 2002). Benefits from localization economy can be gained through the concentration of specific industries, along with secondary industries that complement the primary industries consistent with economic base theory (Leigh & Blakely, 2016). Another potential opportunity is urbanization economies where businesses or people can gain economic opportunity simply from being in a densely populated area where consumers and jobs exist concurrently (O'Sullivan, 2018). Economic base strategies relate to this latter vision of a place-based strategy where a locality is simply trying to attract basic industries that build and manufacture, which multiples into helping develop service industries that support that basic industry. However, the urban areas of concern in this review may have limitations on attracting such basic industries due to the aforementioned competition from other regions within the United States and globally that have grown industry and developed their industry agglomeration.

A contemporary place-based economic development tool includes the use of government-sanctioned incentives in geographically targeted areas (Leigh & Blakely, 2016; Malizia et al., 2021). Government support may include grants, public infrastructure improvements, tax incentives, and other public-private collaborations (Leigh & Blakely, 2016; Malizia et al., 2021). A special example of place-based economic development strategy includes empowerment and enterprise zones where a combination of tax incentives and relaxed governmental regulations are combined to encourage private capital to develop business in a targeted location, which is commonly a distressed neighborhood and sometimes other of special focus for attention like a city's downtown, a neighborhood business district, a brownfield or other area where previous business and industry has left (Leigh & Blakely, 2016; Malizia et al., 2021).

A major concern with place-based perspectives is whether they are effectively "stealing" economic activity away from other areas rather than just simply enhancing a particular locality to build home-grown economic development (Smith, 2016).   An example of where this dilemma is visible includes major professional sports, which have been seen as an opportunity to generate economic activity for major cities, as they generate billions of dollars in revenue each year (Rich, 2000). The fight to keep or attract a sport has not only been seen as critical for civic pride but also a complement to economic development efforts (Rich, 2000; Zaretsky, 2001).   It is possible that building an attractive sports venue could lead to a new club that could join the National Football League (NFL), National Basketball Association (NBA), Major League Baseball (MLB), National Hockey League (NHL), or another major league.   In practice, contemporary community support for building new stadia or arenas has centered upon the need to keep a sports team, as failure to support public investment in private sports clubs has resulted in some teams leaving their city (Rich, 2000). The city of Oakland, California has lost a league-champion basketball team (Golden State Warriors) to San Francisco, an NFL team (formerly Oakland Raiders) to Las Vegas, and is currently in the process of losing an MLB franchise (Oakland Athletics) to the Las Vegas. Meanwhile, the NHL's Las Vegas Golden Knights hockey was able to be attracted to the city as a home-grown expansion team, primarily with private investment. In a distinct, but related issue, some observers question the economic benefit of cities investing in stadia and arenas for professional sports altogether (Zaretsky, 2001)

Smith (2016) evaluated whether placed-based economic development incentives caused businesses to be pirated from outside the placed-based incentive zone. Smith (2016) focused on federal policy incentives from the 1990s and the 2000s. Programs reviewed include the enterprise zones and empowerment zones which provided regulatory relief and tax incentives; as well as renewal communities which just provide tax incentives. Smith (2016) closely examined selected cities that had place-based economic development incentive zones during the period including Fresno (California), Los Angeles (California), San Diego (California), Santa Ana (California), Chattanooga (Tennessee), Knoxville (Tennessee), and Memphis (Tennessee). Smith critically analyzes the incentive zones in each locality to detect whether the incentive zone simply pulled business from areas outside the zone. Smith (2016) determined to study a 1,000-foot buffer zone outside each incentive zone to see if businesses moved from outside the zone to inside the zone to take advantage of the incentive zone benefits. Smith found that there was not a statistically significant movement between either type of incentive zone program, that is, business was generally not pulling outside the zone at least at a statistically significant level.

In understanding economic development from a systems perspective, it is useful to consider explanatory factors for economic growth that come from the economic system (Midgley & Ochoa-Arias, 2004). There are four major types of economic systems including a market economy, command economy, mixed economy, and traditional economy (Rosser and Rosser, 2018). Although the United States is technically a mixed economy that is market-based with some regulation and government interventions (Rosser and Rosser, 2018), the explanations and theory of economic growth are more heavily rooted in the market-based economic theory posited by Adam Smith, a seventeenth-century Scottish economist (Ucak, 2016). The communities of the Rust Belt, which are seeking economic stability and revitalization, are likely to see influence from an amalgamation of community-based, market-oriented, and place-based economic development perspectives that are related to several economic theories (Malizia et al., 2020). The role of social capital with consideration of the capacity of its community members and how well they are connected adds an emerging factor in explaining the economic performance of a community (Rupasingha et al., 2000). Meanwhile, while caution is given to promoting social capital it must be balanced with avoiding over-bonding that prevents connections to the larger community or the spread of crime or anti-social behavior that diminishes trust among groups and which may be referred to as negative social capital (Hanka & Engbers, 2017; Rupasingha et al., 2000).

Ethical Implications

Integrating elements of social capital theory with efforts to spur community and regional economic development intersects public policy postures promoting public participation and efforts to be socially responsible. Compliance is an issue that organizations must contend with where the issue is something that they have a legal or regulatory responsibility to do. Being socially responsible goes beyond just following the basic minimum standards of compliance with specific rules, regulations, or laws.   There is a field of thought that organizations need to do more to go beyond mere compliance and promote a culture of fairness and trust (Rea & Kolp & Ritz & Steward, 2016). The environment, in particular, is an area where corporations may face ethical challenges (Lyons, 2008). Failing to be socially responsible may leave communities in situations such as what occurred during the 2014-2016 Flint Water Crisis.

The Flint Water Crisis controversy involved a series of breakdowns that led to a contaminated water supply being provided to the citizens of the City of Flint, Michigan in 2014. Primarily under the power of the government of the State of Michigan, there was an intergovernmental failure to ensure that Flint citizens had safe water that came to head that to head during the summer of 2014. For the City of Flint, economic decline and population loss are seen as having a major impact in placing the city in the position it found itself in by the year 2014 (Clark, 2018).   Historically, the City of Flint had benefited from the rise of its larger neighbor, Detroit, as the ‘Motor City’ during the growth of the 20th-century automotive industry. Flint’s population grew to a height of approximately 200,000 around 1960 (Clark, 2018). However, Flint would become afflicted by social and economic forces that impacted larger, American cities and the industrial North in the latter part of the 20th century.   Like other large

American cities in the Midwest and Northeast, Flint was impacted by middle-class flight to suburban areas as the interstate highway system allowed families to take advantage of lower-priced land on the outskirts of major cities; while still being able to commute to work on the new highway systems. Additionally, Flint was impacted by the regional loss of industry and manufacturing jobs in the Rust Belt after the 1960s.

By 2014, Flint was in a precarious position concerning its water supply and municipal finances. Since the 1960s, Flint's water was provided by Lake Huron via the City of Detroit, which was reliable but costly for Flint (Clark, 2018). In the 2000s, Flint was impacted by state budget cuts that reduced aid to Michigan municipalities, and its situation was further exacerbated by the 2008 national financial crisis and recession. Flint's difficult financial situation led to it being placed under emergency management by Michigan Governor Rick Snyder. Under emergency management, the Michigan governor is empowered to appoint an emergency manager to take control of a municipality, while local elected officials may remain only in a symbolic or advisory role. In 2013, out of financial considerations, Flint Emergency Manager Darnell Earley approved switching Flint to getting out of the Detroit water system and returning to using its old water system, with the approval of the State of Michigan (Clark, 2018).

In early 2014, Flint returned to using its water system that supplied water from the Flint River, which had a reputation for being polluted from industry and more difficult to treat than the freshwater Detroit used from Lake Huron (Clark, 2018). Officials moved ahead with the transfer to using Flint water despite warnings from a senior Flint utility administrator to Michigan state environmental officials that the city was unprepared to use its water in the state (Clark, 2018; Milman & Fenton, 2016). Informally, a member of the Governor's legal counsel who grew up in Flint and had family still residing in the city had warned the Governor that no one should have drunk water from the Flint River (Clark, 2018). In 2014 and 2015, there were increased community concerns related to Flint's water. However, Flint's emergency manager and the State of Michigan were slow to respond to concerns about corroded water that were coming from the general public and industry (Millman & Fenton, 2016). In 2016, there was finally belated responsiveness to concerns about the quality of Flint water including the provision of bottled water to ensure that people had safe drinking water. However, there continued to be extended rumblings over whether the City of Flint and the State of Michigan are meeting their obligations to ensure the public has a safe supply of water and providing accurate information regarding the quality of water and resulting deaths and illness from people consuming the water (Daalder, 2018). Michigan state health officials faced prosecution for failure to take action in response to reports of poor water quality (Livengood, 2018).

Banks et, al. (2022) recommend that local community development practitioners consider ethics in terms of the macro-level (political and policy response) and micro-level (acknowledgment of personal pain). The failure to provide a safe water supply to the City of Flint might be seen as incompetence or management weakness, but the nature of how the story unfolded raised ethical concerns. The Governor of Michigan and the Emergency Manager for the City of Flint may have been serving the public well to try to get Flint placed on a more solid financial foundation. However, being a leader of a public organization also means intervening to correct a problem and not letting bureaucratic mechanisms that are failing to persist unabated (Downe, Cowell & Morgan, 2016). Meanwhile, it is questionable whether state environmental officials who were given information relating to the poor quality of Flint's water took appropriate action fast enough to safeguard the public. The *Code of Ethics* of the National Association of Environmental Professionals (2018) has guidelines for its members that they will do their best to mitigate environmental harm and promote environmental quality. Environmental professionals are encouraged to report issues that are harmful to the public, even if that may represent a professional loss (2016). The most pressing corrective action that could have mitigated a lot of the controversy related to the Flint Water Crisis relates to the need for government officials to not ignore warnings, both internally and from the general public, that allowed the situation with the poor water quality to grow into an internationally publicized catastrophe.

The triple bottom line refers to a concept in sustainable economic development theory that relates to balancing out social interests, economic interests, and environmental interests when investing in an enterprise or pursuing development (Hammer & Pivo, 2017). The economic interests of communities are the focus when pursuing strategies to promote business retention and expansion. The triple bottom line will tend to caution communities of the need to pursue development or redevelopment for the sake of bettering the community, but also to methodologically pursue development in a manner that is sustainable while also considering ethics and social responsibility. Consideration of social capital inclusion of engaging all relevant stakeholders in matters that affect them may assist in meeting the triple bottom line and prevent calamities, such as what occurred in Flint, Michigan.

Policy Recommendations

Potential benefits to incorporating social capital in community economic development efforts to assist businesses, economic development practitioners, and other interested community stakeholders with establishing linkages and connections that can promote sustainable community development. Best practices on community collaboration to spur neighborhood or regional development may be identified. A sample practical solution may include a major business collaborating with a community college to set up a training program to train new workers, while also collaborating with the local housing authority to provide affordable housing to its workforce and/or coordinating with the transit authority to implement new bus routes that connect the workforce to where jobs are located.

Additionally, by gaining a deeper understanding of the role of social capital in promoting economic growth, businesses and business associations may gain a better understanding of ideal conditions for them to collaborate with others in the community. Business collaboration may include business-to-business collaboration and collaboration with public or non-profit organizations in the community. In addition, understanding social capital may assist in giving businesses guidance on how to improve the usefulness of social capital internally within their organization.

Community-oriented strategies and communications outreach may need to be catered to the community. Community capacity can be an issue in issue with a development process, in particular with distressed or underserved communities, where there may be more trouble finding people with the right combination of technical literacy and/or available to engage in a process. Working-class and lower-income families tend to have lower involvement in public participation processes. People who are affected by the struggle to make ends meet for day-to-day living may tend to have less energy to devote to activities outside the home that do not have an immediate positive impact on their lives. Similar challenges arise in having members of the community in the place to help monitor the progress of development in regard to meeting targeted goals, thus potentially contributing to hampering the stability of certain economic development initiatives.

Explaining what a particular development means for a community can be challenging. In some instances, communicating the details of a proposed development or activity can be seen as overly technical. Presenters may need to speak in plain language that conveys the message in a clear and concise method, while still giving the critical details of what is at stake in a given scenario. In other instances, a proposed initiative may seem too abstract or visionary, and thus irrelevant, for an audience that is looking for more utilitarian approaches that directly and positively impact their quality of life. And present relevant examples of how similar proposed initiatives positively impacted a community. In such instances, examples may need to be provided about how a similar approach positively impacted a community that was in almost identical circumstances.

While integrating aspects of social capital may assist economic development efforts, there still needs to be a focus on locational aspects of promoting business expansion and retention. Market-oriented approaches that cater to firms will need to have some profit incentive that attracts the firm. A locality is recommended to do an inventory of its assets and then use that to help In some instances, a more detailed regional analysis may need to be consulted (if it already exists) or conducted (if it does not exist), to support what type of business or industry to target, as even if a locality seemingly has all the assets that a firm might be attracted, the patterns of agglomeration might tend to favor other regions. In a sense, a locality may need a SWOT

(Strengths-Weaknesses-Opportunities-Threats) or similar analysis to assess what areas have a comparative advantage.

Another business aspect of promoting economic development in a community or region is having a structure to manage performance and track the results of programs. No single organization is likely to have a stranglehold on determining the economic performance of a community (Leigh & Blakely, 2016). Businesses impact economic growth in a community through self-promotion, as well as collaboration with other organizations such as chambers of commerce or other business associations. Non-profit entities include community development corporations, educational institutions, and community development financial institutions. Community development corporations may have limited or more expansive roles (Glickman & Servon, 2003). Some community development corporations may deal with a single issue, such as providing affordable housing. Other community development corporations may have more expansive roles in rehabilitating abandoned properties and working to bring business back to the community. Educational institutes may provide support through collaborating with localities on research or grant projects. Churches and other faith-based organizations may be involved in helping to spur local community economic development. The effectiveness of community-based organizations in spurring community development has been questioned (Scally, 2012). The evaluation of performance management systems of nonprofit organizations and social enterprises has grown in importance (Arena et al, 2015). Developing criteria for evaluating outcomes for organizations involved in community economic development remains an important goal for organizations and outside entities with an interest in evaluating them (Dorius, 2011).

Social, environmental, or other concerns may impact community support for various economic development projects. An example of a social concern that comes along with economic development is gentrification (Kirkpatrick, 2007). Economic advancement has sometimes come at the expense of environmental degradation (Berg, 2010). Local communities may present opposition to projects seen as environmentally harmful, even though they may be economically beneficial in the short term. From a system-wide perspective, incorporating a model akin to the triple-bottom-line model in the community and regional strategic planning process may assist in ensuring social, economic, and environmental concerns are properly balanced (Hammer & Pivo, 2017). In some instances, it may be advised to negotiate a community benefits agreement that codifies promises, to help build trust over how a proposed development would be administered, and assures proposed benefits to the community.

In Table 1 earlier in this report, 18 cities in the Midwest and Northeast regions had large populations exceeding 100,000 at the 1950 census that had population losses of higher than 25% by the 2020 census. In Table 2 below, there were a few cities with 100,000+ population in 1950 in the same region which had population increases exceeding 25%:

Table 2

100,000+ Population Midwest and Northeast Cities in 1950 with Gains Exceeding 25% by 2020

City	Region	1950 Population	2020 Population	% Gained
Indianapolis, IN	Midwest	427,173	887,382	107.73%
Columbus, OH	Midwest	375,901	905,860	140.98%
Omaha, NE	Midwest	251,117	491,168	95.59%
Wichita, KS	Midwest	168,279	397,117	135.99%
Yonkers, NY	Northeast	152,798	210,970	38.07%
Fort Wayne, IN	Midwest	133,607	264,169	97.72%

Note: Adapted from US Census data maintained at census.gov retrieved in 2024.

Rusk (2014) has referenced Columbus, Ohio, and Indianapolis, Indiana as cities that were able to avoid the donut city syndrome by having the city limits grow somewhat to capture more of the urbanization pattern of the metropolitan area, with Columbus engaging in aggressive annexation practices for several decades and Indianapolis consolidated with most of the balance of Marion County, Indianapolis in 1970. City-county consolidation or other forms of metropolitan governance that enhance community cooperation may be a matter for local areas to explore and are also consistent with the notion of building strong social capital to enhance economic growth, opportunity, and general quality of life. Examining these cities and others that were able to stabilize or grow may yield best practices for opportunities for communities to succeed in the current economic climate.

Summary

Regional economic growth may influence whether a locality declines or grows, as individuals and families may stay or leave a region depending upon the ability of a region to provide opportunities to support their livelihood (Leigh & Blakely, 2016). Extended research into the role of social capital in community economic development will assist community decision-makers and other stakeholders make determinations regarding the best approach to take toward sustainable development, business retention, and expansion in their communities.

In considering community economic development as a system, consideration may additionally be given to economic patterns in a given locality as being part of a broader open system. Central place theory in economic geography considers that urban centers may support other urban centers or be supported by other urban centers depending on where it is in the economic hierarchy (Leigh & Blakely, 2016; Hsu, 2012). In this way, cities and towns everywhere may be thought of as part of a system of cities (Batty, 2012; Berry, 1964). Hierarchies of cities include villages, towns, cities, and regional capitals that are based on geographic distance and economic interrelationships (Hartshorn, 1992). Businesses, governmental officials, community leaders, and the general public should have a notion of what their strengths and weaknesses are and where they have an advantage in the overall economic structure.

Businesses have been cited as having multiple motivations for engaging with the communities within which they reside, including collaborating with other business entities (Lorne & Welsh, 2013). Businesses operate in communities that have social and political objectives, along with the basic needs of businesses for having a customer base, access to markets, access to a workforce that meets business needs, etc. (Ucak, 2016). The pursuit of community and economic development is a dynamic process that involves balancing community interests and market interests to work to produce an environment for existing businesses to survive and to encourage new business development (Lorne & Welsh, 2013). Businesses may be unable to develop the social or political infrastructure to establish a positive business climate in their community unilaterally as a single organization (Lorne & Welsh, 2013).

The intersection between management and economic development relates to skill leadership in a region to promote that region's economic interests. Communities may have several motivations for pursuing economic development, which may include continuing to build on existing prosperity or attempting to change course for a community in decline (Porter, 1997). Additionally, the role of innovation (Abraham, 2013) as part of a strategic initiative may be considered by a community as a method for overcoming obstacles to community economic development. To be a skillful strategician in economic development, an actor or actors will benefit from a fuller knowledge of systems that are internal to select community that relates to economics; including local human, environmental and other resources (Midgley, 2004). Then, the actor must strategically examine how the community compares with other regions with consideration of where it has comparative advantages or disadvantages (Midgley, 2004: Porter, 1997). Promoting social capital may involve initiatives to promote strong trust and cooperation among disparate groups in society (Saidov, 2018). A finding that social capital has a particular impact on community economic development or growth may induce communities to look internally at how to promote particular aspects of social capital as part of their business retention and expansion strategies.

Economic development is a certain process by which the economy of a community will be enhanced. Economic development helps to improve the economic well-being of a community. The quality of life of the people of the country becomes improved by economic development. Promoting business development or community economic development is not an activity that simply involves attracting or retaining businesses in a local community in a vacuum. Business operates in communities that have social and political objectives, along with the basic needs of businesses for having a customer base, access to markets, access to a workforce that meets business needs, etc. Due to the increased complexity and uncertainty of the business environment, it is important to utilize the concept of social capital. Social capital may promote trust among all parties involved in entrepreneurial activities. The existence of a high level of trust among parties is essential for economic activities, political stability, and social wholesomeness. Social capital helps reduce unnecessary costs in economic engagements, along with promoting the effectiveness of political and social systems.

Social capital is also utilized in economic development where it enables transactions among individuals, groups, and households. Through individual participation in the networks, information availability is increased and costs are reduced (Lin, 1999). Due to a reduction in transaction costs, resources are accessed more easily, so action is taken and outcomes are realized with much less difficulty, therefore boosting economic development.

Despite differences in the views of scholars on the definition and measurements of social capital as demonstrated above, the impact of social capital on the economy cannot be dismissed as inconsequential. The level of contribution of social capital to economic development including agreements are disagreements among different scholars remains. Finally, the influence of social capital on economic development at both individual and group levels remains a matter of controversy. Gaps remain in individually refining the concepts of social capital and economic development, as well as demonstrating the impact of social capital on economic development.

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