

What Causes Communities to Prosper?

PRESENTED BY DAVID L. DARLING
SREEDHAR UPENDRAM
CD Economist at K-State
At the Risk and Profit Conference
and Trade Show
MANHATTAN, KANSAS
August 2004

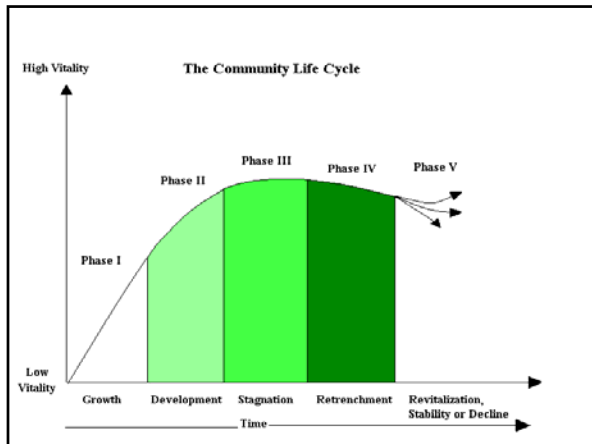
What Causes Communities to Prosper?

Today we will:

- > Define a good community
- > Present the Community Life Cycle
- > Consider alternative ways to promote economic development
- > Present the Economic Development Pyramid
- > Define six forms of capital
- > Define community economic development
- > Present the Sustaining Progress Model

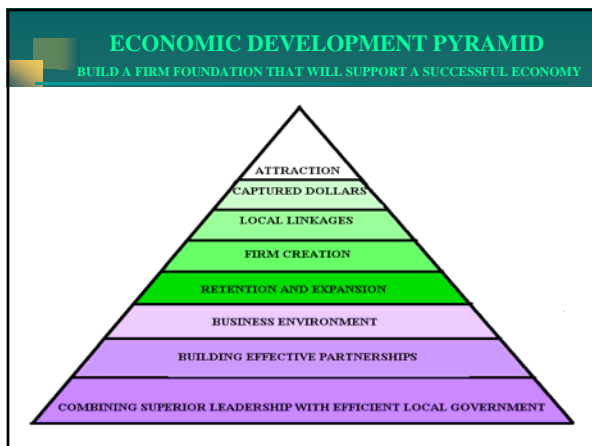
A Good Community

- > A place where individuals and families can easily meet their basic needs such as food, shelter, clothing, health care, and safety. And, with this security, they can focus on higher order needs such as building a career, educating children and contributing to the success of their church, school, and home town.



Five Alternative Approaches to Community Growth and Development

- Let the market decide
- Let big governments rule
- Let the local elite rule
- Rely on inside or outside technical assistance
- *Create a capacity building process guided by community citizens and assisted by outside educators and technical assistants.*



Six Forms of Capital

A comprehensive approach to community economic development is well planned with adequate resources. These assets are grouped into six forms of capital. They are:

- > **Human Capital**
- > **Social Capital**
- > **Political Capital**
- > **Financial Capital**
- > **Engineered Capital**
- > **Natural Capital**

Six Forms of Capital

- > **Human Capital** is the knowledge and skills used in the production process. It includes the skills of production workers, marketing officers, financial managers, and organizational leaders. It includes the work ethic, attitudes, and values of the work force.
- > **Social Capital** is the trust and working relationships in a community, state and nation.
- > **Political Capital** is the access to and influence over state and federal policies and resources.

Six Forms of Capital (Contd.)

- > **Financial Capital** comes in different forms to pay for tasks such as starting a business, expanding a business, or building a school.
- > **Engineered Capital** is the collection of human engineered things not already covered as human, social, or financial capital. Hard-engineered capital includes physical infrastructure such as fiber optic cable and soft-engineered capital includes the organizational and institutional infrastructure as well as the governance of these two.
- > **Natural Capital** is the endowments of nature.



Building Healthy Communities

Website provided by David Darling
www.agecon.ksu.edu/ddarling
