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(or "If you can't stand the kitchen turn down the heat.")
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A Report on MDC's October 1993 Conference on Development Strategies for Reducing Poverty in the South

By
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For
MDC, Inc.
Chapel Hill, NC

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PREFACE

In October 1993, MDC held a working conference to reflect on the South's rural development experience of the past decade. Our goal was to help local and regional development organizations, foundations, and state policymakers gain insight into approaches that can foster economic development and reduce poverty in the rural South.

In particular, we sought to bridge the chasm between people concerned with development and those concerned with combating poverty. By and large, grassroots organizations, working to alleviate poverty, and economic development organizations, working to create jobs and strengthen the economy, operate with separate missions and separate constituencies. Only a few organizations have the perspective or inclination to explore the intersection of the two worlds.

MDC believes that the two must be linked. This conviction flows from our definition of economic development as "the process by which a community creates, retains, and reinvests wealth to improve its productive capacity and raise the standard of living for all citizens." The ultimate purpose of development, we argue, is not just to create jobs, but to achieve a higher standard of living for people. This definition stresses the importance of equity concerns -- to be successful by our definition, economic development must extend benefits to people of all economic levels, with emphasis on lower-income people.

At the conference we examined the experience of communities that represent the range of economic situations found in the rural South -- persistently poor areas with a very weak economic base; rural counties that have tapped into the growth of nearby metropolitan areas; and tourism and retirement areas where poverty persists in the face of tremendous wealth. In persistently poor areas our essential question was, "What can be done to spur economic development and at the same time reduce poverty?" In growth areas the primary question was, "How can we make economic growth benefit poor people?"
We asked participants to relate the experience of these communities to an idealized model which shows the interdependence between economic development, community development, and human resource development. This "cycle of development" model illustrates why a healthy community requires a strong business sector, and conversely why healthy businesses require productive human resources and community services. It also shows the need for vibrant community and civic organizations that can work together to move the development process forward.

What MDC brought to the meeting was a conceptual framework, guiding questions, and the stories of seven representative Southern communities. The conference participants brought a wide range of experience and perspectives on rural development, as funders, policymakers, practitioners, and academics. The intense discussion that resulted yielded the wealth of insights and themes Ferrel Guillory, Southern Correspondent for the Raleigh News and Observer (and conference participant) summarizes in this paper.

We left the conference convinced that the dialogue we had begun -- especially the debate about how to unify efforts toward economic development and reducing poverty -- was extremely valuable. The issues summarized in this paper need to be understood and more widely debated by people working on economic and community development throughout the South. And the gap that separates many people involved in the development process needs to narrow. MDC will pursue efforts to narrow that gap, and we encourage others to do the same.

We are grateful to the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, and the James C. Penney Foundation for providing funding for the conference and related research.

Sarah Rubin
MDC, Inc.
Memorandum

TO: Conference Participants

FROM: Ferrel Guillory

SUBJECT: Development Strategies for Reducing Poverty in the South

October 5-7, 1993, Chapel Hill, NC

You may recall, as I do, the jolt it was to hear of "tobac-ladesh," and of that symbol-laden bus bringing workers daily to Hilton Head. You may have thought afresh about how yesterday's "colonial economies" still influence today's "civic culture." And surely you remain challenged by Ron Flanary's $6 million question.

For three days in October, we pondered these matters, and more, as we engaged in a remarkably yeasty series of conversations about the rural South, its problems and its possibilities. We heard several heartening success stories, but we also were reminded of the barriers to further success. Some points of consensus formed easily, but some hard questions lingered, unanswered.

We were nearly four dozen people of diverse backgrounds and professional experiences who gathered in the Carolina Inn, on the edge of the campus of the University of North Carolina at Chapel Hill, at the invitation of MDC, Inc. We included foundation staffers, academics, rural community leaders, state and local policymakers, businessmen and even a couple of newspaper writers.

We were bound together principally by MDC's judgment that, each in our own way, we had something to offer, by reason of our professional or personal experiences, to a discussion of how to lift up the rural South.

Looking back, I wish I had gotten to know more of you better during those bright October days in Chapel Hill. Most of us arrived strangers, or semi-strangers, to each other. What's more, ideas often whizzed by before they could be fully grasped.

What did we learn and accomplish, and where did we fail?

Our host, MDC Inc., asked me to write this summary of the meeting. Its purpose is to refresh our memories, to distill an insight-filled discussion, and to keep the conversation going among ourselves as well as to widen it.
I. WHERE WE BEGAN -- HOW TO BLEND?

Our conference proceeded from a premise that flowed out of MDC's quarter of a century of serving as a catalyst in workforce and regional economic development issues. Throughout the 1980s, the South discovered that the ripple effect was more pronounced on its ponds than in its economy. The urban-suburban growth and modernization that spurted anew following the 1982 recession did not send ripples far out into the countryside. Even as more Southerners prospered as never before, more Southerners fell into poverty.

During that decade, MDC produced its influential "Shadows in the Sunbelt" report. It provided the staff for a reexamination of North Carolina's community college system. More recently, MDC helped create and gave early guidance to the Foundation for the Mid South. And it worked intensively with other organizations to build economic development capacity in rural communities.

These experiences and others led MDC's president, George B. Autry, to observe to our conference that an "immense gulf" existed between economic developers and community developers. State and local economic developers focus on job creation through new and expanded manufacturing plants, office buildings and other facilities. Community developers concentrate on housing, child-care, grass-roots organizing and other activities designed to make life better for the poor.

In the rural South, the success of economic developers regularly does not ripple out to the people served by community developers. And yet, the South needs both successful economic and community development. Or, as Autry put it to us, "we need jobs, and we need boot straps." At the opening of our deliberations, we were asked to consider what kind of strategies and what kind of institutions would help the South blend its economic and community development activities so as to bring poverty down.
II. A LOOK AT ISSUES

Mississippi Muddle -- Obstacles to Blending

By looking side-by-side at Coahoma and Quitman counties in Mississippi, we began understanding the potential of, and the obstacles to, a fusing of economic and community development in the rural South.

George Walker told the success story of how his 100-employee company, Delta Wire, proved that it could make a world-class product deep in the high-poverty, low-skill Mississippi Delta. When he moved his company from Massachusetts to Coahoma County, he said, he found a tremendous shortage of capital, of jobs and of hope -- and "perhaps the most devastating thing is the shortage of hope."

But, said Walker, the wire-making operation dissolved the "misconception" that the people of the Delta could not become proficient enough to compete internationally. His company invests heavily in workforce training. His employees have learned statistics from a nearby community college, they receive regular productivity bonuses, and they respond frequently to the invitation to suggest how to improve the company's operations.

Coahoma County still looks for more industrial recruits, inviting firms to become "a big frog for our small pond." Said Walker: "The cycle of poverty and despair is not broken; I think it's cracked a little bit." Education remains a major challenge. It seems to be, said Walker, "semi-intractable as a problem."

Indeed, said Robert Jackson, a county supervisor and community developer in neighboring Quitman County, education is the number-one issue in the Delta, where most whites still attend private schools and black students congregate in poverty-stricken public schools. Unfortunately, he said, education in Jackson's county is "controlled by the status quo" -- a local power structure, centered in one family, that historically has seen little reason for significant investment in public schools.
Jackson recounted the initiatives of the Quitman County Development Organization: its forming a credit union to help black entrepreneurs who couldn't get loans from the local bank and its voter education and registration efforts to eliminate barriers to political participation. Still, he also recounted the county's mixed record in recruiting and retaining even small-scale manufacturing. "The best way to do economic development," he said, "is to home-grow it." And yet, while a gambling boom lasts, the hopes of many people in the area ride on the river casinos down the road in Tunica.

**Change Happens -- But Can It Come Everywhere?**

In the quest for economic development, it helps to be in the right place -- and to have leadership that understands how to take advantage of it. These days, the "right place" is often within easy reach of an interstate highway and within the orbit of a major metropolitan area. Gordon County, Georgia, and Person County, North Carolina, served as illustrations of how certain Textile Belt communities have maneuvered through an economic transition and experienced job growth and diversification.

In Person County -- a 25-mile drive from Research Triangle Park -- an aggressive effort by the county commission and Piedmont Community College led to a 16 percent increase in jobs per 100 people, up to 50 jobs, just below the national average. Jim Stovall, an auto dealer who chairs the economic development commission, told us that a turnaround in Person County began in 1980. That's when local elections produced a change in local leadership that unified the county's economic development efforts and pushed for investments in industrial infrastructure.

In Gordon County, along I-75 between Atlanta and Chattanooga, a joint effort by a Chamber of Commerce and a local Industrial Development Authority produced a 40 percent increase in jobs per 100 residents during the 1980s, up to 63 jobs, well above the national average of 54. Phillip Overton, who manages the joint effort, told our conference that "we don't give away anything except training" as incentives and that the county turns away companies that pay low wages or threaten the environment.
The presentations by Stovall and Overton, along with the questions that followed, raised issues that echoed throughout our deliberations.

For example, it was noted that, even as Gordon County grew and diversified, the absolute number of poor people in the county remained at just above 3,800 from 1980 to 1990. Overton was peppered with questions as the conference participants struggled with the central issue posed by Autry. "I don't want this to sound cold," said Overton, as he warned that involving the poor people in larger community matters is "extremely difficult" and that fighting poverty "is a concern but it can't be in the forefront" of issues facing economic developers.

It was Stovall who used the term "tobac-ladesh." He applied it to the two dozen or so North Carolina counties now heavily dependent on a declining tobacco-based economy. These counties, he said, are "going to have a hard, hard time recruiting; some rural areas are simply not going to develop." From then on, our conference pondered, but gingerly, the question: to live or let die?

**Ups And Downs in The Hills**

Addie Davis of the McDowell County Economic Development Authority surely had Stovall's remarks in mind when she opened her presentation with the declaration: "We don't intend for McDowell County to die." Still, her southern West Virginia county lost two-thirds of its peak population over the last two decades as coal mining withered.

Her fight to keep her community alive, she said, has meant a fight to kill a "dependency culture." Too many West Virginians, she said, depended upon a coal company, a union or welfare, and it is her mission to "teach people to be responsible for their futures." Under Davis' leadership, the authority has concentrated not on recruitment but rather on home-grown businesses and on grass-roots organizing, much of it through churches.
Ron Flanary, meanwhile, said that his three-county planning district in the southwest corner of Virginia was looking toward prison construction and operation for economic uplift, having passed a $3 million bond issue to attract a federal prison. Local schools, he said, are turning out bright, educated, young people, but they are moving to other places to find jobs.

"We need to have serious entrepreneurial development," he said. Then he posed the $6 million question. Give me some specific advice, he said. One Virginia coal county has $6 million -- no strings attached, no preconceptions on how to spend it -- to apply to economic advancement. How, he asked the group, should the money be spent to the greatest effect? The question still hangs in the air.

The Bus to Beaufort -- Poverty Amid Plenty

Everyday, residents of Jasper County, one of the poorest in South Carolina, are bused to jobs in Beaufort County, the location not only of the Parris Island Marine Base but also, most importantly, of the upper upscale retirement and tourist community of Hilton Head. "Sometimes when the bus breaks down, people don't get their beds made," said Mac Holladay, the former South Carolina development official who now runs the Georgia Governor's Development Commission.

Night had fallen when Emory Campbell of the Penn Center told of the downside of relying on tourism, a "one-dimensional kind of industry." Young people, he said, "get consumed by that industry," earning just enough money for a car and a TV but failing to get the education necessary for advancement. Beaufort County, he said, has no affordable housing for workers and lacks an economic incentive for improving education for the poor. Through the Penn Center, as Campbell explained, efforts are under way to build upon the Gullah culture for economic development through restaurants and other enterprises that might attract affluent blacks as well as whites.
III. WE BROADENED THE VISION

Making Parallel Tracks Intersect

Billy Ray Hall of the North Carolina Rural Economic Development Center cautions against forcing economic development agencies to become anti-poverty agencies. He left our conference, he said, determined to avoid the mistake of placing economic development agencies in roles "that they weren't positioned historically to do." There is, he said, a need for "comprehensive development," and economic developers "have a piece of this pie, but they have only one piece."

Hall's caution granted, consensus formed rather easily on the basic premise: that the South needed a coming together of economic and community development. The "cycle of development" model that MDC distributed to us (attached at the end of this report) provides a handy way of picturing a comprehensive concept of development.

But, as our conversation proceeded, it became increasingly apparent that we were traveling along two other kinds of tracks.

Let's label one track "development." Let's label the other "leadership."

We were called together to talk about the "development" track -- to come up with ideas and strategies for reducing poverty. But over and over, we jumped over to the other track -- to observe that even the best development ideas would decay in the absence of leadership and, more broadly, a "civic culture" conducive to cooperation and a future-orientation.

One result of our three days of deliberations was to broaden our vision. We ended up seeing -- albeit hazily -- beyond the original question of whether we could expand economic development to encompass community development. It's clearer now that doing development and reducing poverty
Both entail working for change: changing the political climate of many rural communities and changing the "civic culture" by energizing an array of local governmental and nongovernmental institutions.

During the conference, Hall reminded us of the barriers erected in the South by "racism, sexism and localism." After the conference, he said, "The leadership base -- that's where the critical issue lies."

A superbly designed loan program for small businesses will go nowhere in a community without leadership ready to use the program. A community brimming with energetic citizens will become frustrated in the absence of useful ideas about how to develop or -- that $6 million question, again — how to invest wisely.

Economic advancement, therefore, requires an intersection of the "development" and "leadership" tracks. The development track means attention to business expansion and entrepreneurship and to physical facilities — what we call infrastructure. The leadership track means attention to (individual) human resources and to (community-wide) civic resources. A community college, for example, is important to the training of an individual and to the enrichment of a community.

IV. NO PLAN, BUT A TORRENT OF THEMES

We did not come together to write a grand plan, to come up with a unique strategy or even to arrive at a multi-point agenda. Still, certain themes emerged, and here is a roundup:

Common ground -- It exists

There are certain issues that fit comfortably on the agendas of both economic developers and community developers. They include child care and workforce training and education generally. Economic developers see in
then inducements to business expansion because they enhance productivity. Community developers see in them stepping stones out of poverty.

Southern communities should take advantage of opportunities to bring their business recruiters and grass-roots advocates together on patches of common ground.

Change Agents -- The South Has Plenty

George Walker, a businessman, shows rural Mississippians that they can compete in the world economy. Addie Davis, a former schoolteacher, leads West Virginians out of economic dependency. Robert Jackson and Henry Campbell lead poor blacks to create new institutions and enterprises.

Change agents did not accept the status quo. They confronted and/or negotiated with the powerful, analyzed local conditions, sought to build upon local advantages, however meager, and used government funds and educational institutions to bring about change.

But the powerful remain powerful, and change agents too often remain on the margins. At a certain point, change agents have to move from swimming in the tributaries to the main political and economic stream of their communities.

Economic developers benefit from sophisticated, well-funded networks, backed up by state bureaucracies. Change agents generally work more in isolation. The South faces a challenge in how to share ideas among change agents and in how to integrate them into our economic and political structures.

Flexible Institutions -- Adapt or Create

Just as Southern communities need to come together on "common ground" issues, they need to work through "common ground" organizations. Where community colleges exist, they may play the role. Where no such
Institutions exist, they may have to be created, perhaps with the catalytic assistance of state governments, foundations and other regional and national organizations.

Communities, of course, depend upon a wide range of organizations that bring people together around particular interests: chambers of commerce, bankers associations, Rotary and Kiwanis, churches, youth groups, civic and neighborhood associations. It is the role of "common ground" institutions to bring people together across existing lines and to promote collaboration in behalf of community advancement.

What's more, communities need flexible institutions that can respond to a changing economy, examine the potential and shortcomings of the local labor pool and perform vital community-wide planning.

Fractionalism vs. Unity -- Common Ground Again

David Dodson articulated it first, but then general agreement formed behind the proposition that divisiveness impedes development. Communities divided between blacks and whites or rich and poor, between public and private sectors, between grass-roots organizations and established power centers have less chance to advance -- and to fight poverty -- than relatively unified communities.

Here, we faced a paradox. Democracy demands debate, and change often requires controversy. So a certain amount of "divisiveness" may indeed be a prerequisite for a broader, more inclusive unity. In many communities, new leaders need to break the grip of entrenched power -- both economic and political -- before conditions can change.

But thereafter, the sooner opposing factions in a community are brought onto common ground the better. Dodson termed it a "culture of communication and cooperation."
Localism vs. Regionalism -- Some Are Too Small

It is imperative, we agreed, for Southern rural communities to grow their own jobs, to build their own civic infrastructure, to develop local-specific strategies rather than simply rely on policies from afar. And yet, we also recognized, economic development forces do not limit themselves to arbitrary, often economically obsolete political boundaries. Economic forces are regional, national and international, and the South needs regional strategies.

As a conference, we didn't recommend the designation of let-them-die communities, but we did recognize that some communities are simply too small, possess too few assets and have too little leadership to form a stable economic base. In these cases, regional cooperative efforts are essential, and it may take state government leverage to make them happen.

It's Assets, Stupid

A blending of economic and community development strategies would necessarily aim toward building up the assets of poor people.

Personal assets are built and accumulated through literacy and job training, through encouraging young people to broaden their horizons and to learn entrepreneurial skills. In a society in which tourism is a major industry, it's better to point a young person toward becoming a chef than a bed-changer.

Monetary assets are built and accumulated through ownership. Southern strategies ought to help low-income people -- particularly, but not exclusively, people of color -- become homeowners and business owners, people with a stronger stake in their communities. Rural and small-town progress requires business assistance directed to new business owners, to blacks and women. It requires the creation of more asset-building institutions like credit unions and land trusts. It requires career guidance and entrepreneurial training for young people.
It also means communities seeking out and taking advantage of traditional and unexpected opportunities for business development.

Evory Campbell told of the establishment of five restaurants built around the Gullah culture of Beaufort County, South Carolina. It means public-private partnerships that work to leverage limited government funds, as the North Carolina Rural Center has sought with success to forge.

Get Government Going

No one suggested that state and local governments stop recruiting businesses; it's unrealistic to think they would do so. But a general consensus emerged that governments needed to retool and to become more supportive of blended economic-community development strategies.

To a significant extent, some government agencies have already shifted to a more balanced approach. Some state commerce departments have begun to focus on entrepreneurship and retention as well as recruitment. At West Virginia University, Rachel Tompkins has provided leadership in broadening the scope of the Cooperative Extensive Service. These developments need to be turned into region-wide trends.

V. A PARTING THOUGHT -- AND BACK TO THE KITCHEN

Let's move from one stage to another stage in our continuing conversation about rural renewal by assembling, figuratively, in the kitchen. We gather in our parlors and on our porches, but Southerners will inevitably drift into the kitchen. That's where friends and family share news, stories and recipes.

It's a place that speaks to us about the benefits of blending. Blending isn't always easy, either in the kitchen or in our sometimes fractious communities. Blending requires breaking and cutting, mixing and stirring. It takes energy and attention to detail. It also takes imagination, putting together ingredients that, at first blush, don't seem to go together.
Our communities need blending. If we reaffirmed anything for each other during our three days in Chapel Hill, it was that our communities need a coordinated effort, a comprehensive approach to development -- a blending with roles for both traditional economic developers and community developers. Economic expansion that hardly cuts into poverty won't do. Anti-poverty efforts that fail to mix in jobs-generating economic activity won't do, either.

We need to continue sharing success stories and exchanging recipes, as well as striving to create new blends. To Southerners, the kitchen always beckons.
The Cycle of Development

- A capable, productive workforce
- A safe, appealing environment
- Good public health
- Good community amenities

which provide a foundation for

GOOD JOBS that permit people and communities to earn income and build assets

which generate revenues for

Public and private investment in:
- good schools
- strong government
- strong development and community organizations
- good human and social services

which result in