

# Working Paper

The Department of  
**AGRICULTURAL AND RESOURCE ECONOMICS**

AND

**THE RURAL STUDIES PROGRAM**

AT

**OREGON STATE UNIVERSITY**



## **POLICY AND PLACE: REQUIREMENTS OF A SUCCESSFUL PLACE-BASED POLICY**

by

Emery N. Castle  
Bruce A. Weber<sup>1</sup>

**Working Paper No.**  
**AREc 06-01**  
**RSP 06-01**

**June 2006**

# **Policy and Place: Requirements of a Successful Place-Based Policy**

Emery N. Castle and Bruce A. Weber<sup>1</sup>

## **Introduction**

In 1986 the W. K. Kellogg Foundation assembled a small group to provide advice concerning Foundation programs that would benefit rural America. One of the participants was a person who possessed extensive experience with non-governmental agencies in rural places, although then she was with the Council of State Governments. Near the end of the conference she said: “There are many organizations with competent people in rural places interested and able to do good work there. Their greatest need is to have a conceptual framework to help them identify important problems and then assign priorities. Think tanks and universities should address this need.”

Recently, sixteen years later, a county administrator in Eastern Oregon remarked to a small group: “It is hard to get your arms around rural problems. Every time we think we understand our situation, something comes up we had not thought about, and we have to start again. We need help in getting our arms around this thing we call rural.”

These two people, separated by time, place, background, and occupation were wrestling with a common problem. How does one identify, articulate, and relate the forces and influences at work in different geographic places? A satisfactory answer to this fundamental question is required for the formulation of a place-based public policy. Since 1986 the authors of this paper have been concerned with this question, and have evaluated different approaches to answering it. In the following pages a framework for the formulation of a place-based policy is presented, followed by a description of the requirements of such a policy.

## **Place in National Policy**

After the United States made the Louisiana Purchase she was faced with the practical question of what should be done with the enormous amount of land and space that had been acquired. In the decades that followed a national consensus emerged that encouragement and incentives should be provided for the settlement of this vast land area. Particular pieces of legislation, such as the Homestead Act, were passed consistent with this national policy. Yet once the occupation objective was achieved, it is difficult to argue that a consistent national place-based public policy has existed. While there have been Federal programs that had the development of places as a primary goal, for example the Resettlement Administration efforts in the 1930’s, the Appalachian and Upper Great Lakes Regional Commission programs of the 1960’s, and the creation of the Department of Housing and Urban Development in 1965 with some responsibility for revitalizing urban neighborhoods; these programs have been small, and have emphasized investments

in public infrastructure, primarily in areas of economic distress.

Although there may be no consistent national place-based public policy, there are many public policies with place-based implications. In some cases, these implications are recognized explicitly and addressed, although coordination between and among such programs often is lacking. As a consequence, policies and programs with place implications often work in counter productive and inconsistent ways.

Policies can be classified by the ways in which place enters into policy design and implementation.

I. Place is a Primary or Principal Objective

II. Place is not a Primary Objective but Important

A. Little, or no, consideration given to place when addressing primary objective.

B. Explicit consideration given to place when addressing primary objective.

A comprehensive place-based policy will address all programs and policies included in the classification set forth above (Category I). This is where the need for a conceptual framework, and the potential stakeholder support, is greatest. The next section of the paper develops a framework for policy in which place is the primary focus.

Yet there are many programs that have a primary purpose other than place, but have important place related effects (Category II). An important challenge in the design of a place-based policy is addressing the place-related implications of policies that do not have place as a primary focus. To illustrate and provide examples of this issue, a later section of this paper gives special attention to two national policies that have considerable place implications—The Endangered Species Act and welfare reform. While place is given little attention in the Endangered Species Act, implementation of welfare reform has explicitly recognized the unique needs of local places.

Place-based policy attempts to influence the future trajectory of a place. In considering the future of a place, one needs to know at least three things about the place: (1) its geographic location; (2) its population density; and (3) its history. As a place moves through time, population density probably will change and the geographic space occupied by the place probably will change as well. The place called, Wichita, Kansas, does not occupy the same geographic space nor have the same population density it did 50 years ago. And Wichita's history imposes certain limits and opens opportunities for the city's future.

Each and every place is unique in some sense. No two places can occupy the same space on the globe, and each place is different from every other place in one or many ways. As will be noted later, geographic location is only one reason for differences among places. Clearly a case for a place-based public policy depends on an assumption of unique places. Uniqueness, standing alone, cannot justify place-based policies, of course. In the jargon of mathematics, uniqueness is a necessary, but not a sufficient condition for place-based public policies.

## **Conceptual Foundations of Rural Public Policy**

Place-based public policy in a federal system of government serves the public

interest by creating a policy-decision structure that recognizes local autonomy while being attentive to the national interest in the well being of particular places. In this section of the paper, we develop the conceptual building blocks for rural – and, more generally, place-based – public policy. These building blocks operate within the context of the separation of powers in a federal system, which grants some local autonomy. The building blocks include the intermediate decision-making units required to implement local autonomy; the characterization of a place by four forms of “capital”; and the concept that the trajectory of a place depends on bounded community decisions that are determined by the place’s assets, information and expectations, and by the extent to which the locality’s government authority is congruent with the “community(ies) of interest” among its population.

## **The Context: Separation of Powers and Local Autonomy**

The separation of powers among federal, state, and local government is a matter of fundamental importance to a place-based public policy: it provides the legal basis for local autonomy. If the uniqueness of a place is granted, attention is then directed to local government.

Even though federal and state participation may be essential, the comparative advantage of local government in recognizing and dealing with local differences must be considered. How will local autonomy be exercised and what will be its concern?

Among other powers, state government may establish and administer individual rights in real property. Under the broad powers of the constitution, the federal government can establish programs and policies for the entire nation that are binding on state and local government. Even though federal programs may have differing place related effects, state and local government have important administrative roles to play as well. Yet, in a democracy, a well articulated local position must be taken seriously. State and federal agencies, and elected officials seldom ignore a local position on an important issue.

Attention is directed to the contrast in administration of the Clean Water Act and the Endangered Species Act. The Clean Water Act is administered through state agencies. These agencies, in turn, often involve local government in various ways. Some states have passed environmental laws that have come to be recognized as the equivalent, or more, of federal environmental legislation and in some cases has been substituted for federal requirements. When a local place is found to be out of compliance with the Clean Water Act, a program of action at the local level that demonstrates progress toward compliance may be accepted as an alternative to immediate and outright compliance. In contrast, the Departments of Commerce, Interior or Agriculture administer directly the Endangered Species Act in local places. No provision is made for intermediate decision-making between the federal establishment and affected parties. It is federal law and trumps all other resource uses and users, public or private. Those administering the Act may confer with local interests, but they are not required to administer the Act through local government. Unless local interests are well organized and forceful, their voices may not be heard. Concern has been expressed and questions have arisen as to whether the Act is applied consistently from situation to situation (Langpap and Kerkvliet, 2002). It may

be argued the Endangered Species Act is in the nature of a categorical imperative that leaves little room for interpretation, if a species is listed as threatened or endangered. Yet there are inadequate resources to list and provide protection for every threatened or endangered species. Choices and decisions must be made regarding where and how the Act will be applied. Unless the choices are understood, questions are inevitable about whether local uniqueness has been considered and whether consistency is being achieved.

## **Intermediate Decision-Making Institutions in a Federal System**

Local and state government actions are examples of intermediate decision-making, as decision-making is treated in many policy models. That is, such decisions are intermediate between firms and individuals at the micro level and the federal government at the macro level. Intermediate decision-making is of obvious importance in the formulation and administration of place-based policies. Neither an adequate conceptual base nor appropriate analytical techniques exist for the understanding and development of intermediate decision-making. The concern here, then, is with how local government units, such as small towns or counties and even states, can reflect their uniqueness in administering policies of national scope.

The issue can be illustrated by example. Cost-benefit analysis is used by the federal government to justify investments of various kinds in different locations around the nation. An elaborate system has been developed to identify all cost and benefit items from a national point of view so that the effect the project has on the net national product can be estimated. The justification for this is that it is a national investment. In cost-benefit jargon, secondary or regional costs and benefits do not count. Yet the benefits or costs may not be an appropriate indicator of the local consequences of the project simply because the local place may not be identical to the nation in every respect. For the nation as a whole and in general, it may be appropriate to assume a competitive economy and little or no excess capacity. Such assumptions, however, may not apply equally well locally. This does not mean national policies necessarily should be changed. But it does mean that national policies or procedures may not be a good guide for local decision-making or a good predictor of local action.

Intermediate decision-making involves more than economics. Political science considerations are of importance as indicated by the earlier discussion of the separation of powers and local autonomy. The concept of communities as defined in sociology and anthropology is relevant as well. The model advanced integrates material from several areas of knowledge.

## **Local Decision-making: The Congruence of Place, Community and Political Jurisdiction**

As noted, a place-based public policy will involve federal, state, and local government. Federal and state government have received considerable attention in public policy literature relative to local government (Oakerson, 1998). Because local (intermediate) decision-making is an essential element of place-based public policy it is

given particular attention here. The first step in doing so involves consideration of three concepts: a particular place, a community of humans, and a unit of local government. To what extent does overlap exist among the three? Each concept must be defined if this question is to be addressed. A “place” is a part of the physical environment, capable of being defined in geographic terms, and inhabited by humans. A “community of humans” refers to a unified group of people having common interests. “Local government” means a government unit recognized in state and federal law with primary jurisdiction over a particular place.

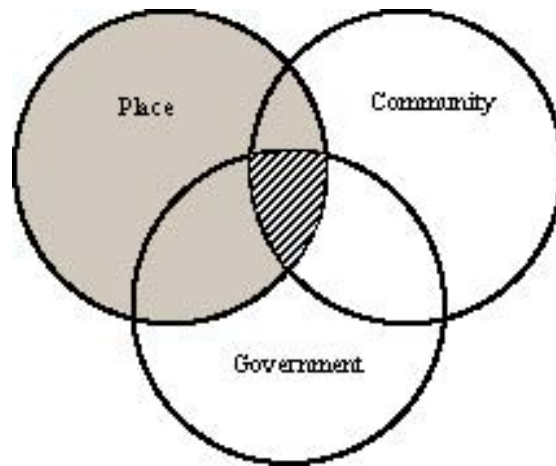


Figure 1. Integration of Place, Community, and Government

Attention is directed to Figure 1. Unless there is overlap among the three concepts, it may not be possible for the potential benefits of local autonomy to be realized. If local government is to be effective, some community of interest must exist or be established. In some situations geography may require group action if a particular place is to be inhabited. The need to provide for (say) flood control may provide an example. Under other circumstances the location of a geographic boundary may be of less importance. The reason for a dysfunctional place often can be traced to the lack of overlap among the three concepts pictured in Figure 1. In the remainder of this discussion it will be assumed that an overlap among the three concepts exists, or is a subject to be discussed.

A place reflects a unique combination of social, human, human-created, and natural capital. To appreciate fully the uniqueness of a place, it is necessary to consider the total stock of capital available there. The capital components are defined as follows:

**Social Capital, (SC).** The social capital of a place reflects the norms and networks that influence the actions of people within formal and informal organizations. To qualify as capital, the norms or networks must meet the requirements of capital as that term is defined in economics (Sobel, 2002). In part, the norm or network must exist and have value in more than one time period; its creation and maintenance must require

sacrifice. Various forms of social capital will exist in a given place. If “place” and “community” are to conform, there must be ties across the various forms of social capital existing in a place. The social capital in a particular place is distinguished from social capital more generally. For example, a commodity market operating in the economy generally constitutes social capital in that it coordinates individual behavior; yet, it would not be unique to a particular place if it were generally available.

In a recent article in *Rural Sociology* social capital is discussed as an interdisciplinary concept involving both economics and sociology (Castle, 2002). In that article it is held that if social capital is to qualify as capital, the noun, “capital”, must meet the economic requirements of capital, as that term is defined in economics. Correspondingly, the modifier, “social”, must be consistent with social theory. With this interdisciplinary interpretation of social capital, it is possible to explain possible negative, as well as positive, manifestations of social capital. This interdisciplinary interpretation of social capital is an important building block of the model of community intermediate decision-making presented here.

**Human Capital, (HC).** Human capital is defined in a manner consistent with the work of Schultz and Becker in economic literature. It includes investments people have made in themselves to strengthen their ability to satisfy human needs now, or in the future. Individuals, families and communities have long invested in people through formal education as well as in other ways. People in a community or place are acutely aware of the out migration of young people, the under- and unemployment of people in the place, and the relation of the local labor force to possible outside investment.

**Human-Created Capital, (HCC).** This concept pertains to the hardware and software that humans have created and developed to enhance their productivity and satisfaction over time. It encompasses those items created by conscious individual or group efforts to improve productivity and satisfaction over time. A tractor, a community library building, as well as the contents of the library provide examples of human-created capital. Both privately and publicly owned human-created capital are relevant in community choice

**Natural Capital, (NC).** Natural capital consists of those parts of the natural environment of current or potential value to humans. Humans have modified a great deal of the natural environment in various ways. For example, tile may be added to farmland to improve drainage, or a fence constructed to establish boundaries. In such circumstances, the farmland should be considered a combination of natural and human-created capital. Natural resources insure the uniqueness of a place. No two places can occupy the same spot on the globe. Distance, if nothing else, will distinguish one place from another.

As noted, there is no guarantee a local political jurisdiction will be consistent with a particular place, or be inhabited by people that share common interests (*i.e.*, a community; see Figure 1). Yet a jurisdiction must be able to achieve consensus on important issues if it is to function effectively. In their work on economic and social change in Hungary, Schafft and Brown demonstrate consensus may depend on explicit recognition of the legitimacy of minority interests (Schafft and Brown, 2000). Woolcock has written that effective social capital arrangements can stem from inter-group cooperation, and are not necessarily restricted to intra-group situations (2001). People may cooperate across groups even though there are strong ties within groups. In the

sociology literature this is referred to “weak ties” across groups within which “strong ties” exist (Granovetter, 1973).

The above discussion requires that special attention be directed to social capital. All are familiar with groups held together by “strong ties”. A family typically constitutes a “strong tie” and an ethnic or racial group may be based on a “strong tie” as well. Strong ties frequently have developed historically among the inhabitants of a geographic place because of the advantages of group action in dealing with (say) a flood or other natural phenomenon, or because of similar occupations (Salamon, 1992). When social and economic change occurs, historic strong ties may not be sufficient to achieve all of the potential advantages of group activity.

A place,  $P$ , may be defined as being identical to its capital endowment.<sup>2</sup>

$$(1) P \equiv (SC, HC, HCC, NC).$$

The various forms of capital in a place,  $P$ , can be used to appraise whether a sufficient community of interests exists to enable the local government to address a current problem or issue. It is critical to determine whether the various forms of capital are mutually compatible. In the Klamath Basin in southern Oregon and northern California in 2001, conflicts over a form of natural capital, specifically water, made traditionally weak ties in that place (social capital) even weaker. If the total capital stock is to be assessed, all forms of capital must be evaluated in the same context. The total stock of capital not only serves to define a place, but also comprises the assets,  $A$ , of a place.

The social capital within a local jurisdiction will be of both a formal and informal nature. In some instances it may not be possible for a formal organization, such as local government, to have the necessary social capital (either strong or weak ties) to proceed. However within such a jurisdiction or place, it is probable there will be groups having either strong or weak ties that share common interests. It is unlikely that all of the people in a jurisdiction or place will share a community of interest sufficient for a consensus on each and every matter that may come before the jurisdiction. The social capital existing in a place limits the group actions that can be taken (Schafft and Brown, p. 205). The group or groups that make the important intermediate decisions within a place have a comparable role to entrepreneurial decision-making in a business firm.

The trajectory,  $T$ , of a place as it moves through time will be a function of collective decisions,  $D$ , made in the place, in this case through local government.

$$(2) T = f(D)$$

These decisions, in turn, are a function of the assets, current information and the expectations that prevail there, subject to boundary conditions to be described later.

$$(3) D = f(A, I, E)$$

$A$ , consists of the total capital of a place (SC, HC, HCC, NC),  $I$ , pertains to current information, and,  $E$  are expectations.<sup>3</sup>

Assets: History matters! By definition, a capital item must exist in more than one



time period. The endowment a community enjoys at a given time is the consequence of past actions or inaction by members of the community. Embedded value and norms may be reflected in the capital stock of a place that stem from conditions and situations that no longer exist. Human capital at any time is influenced by previous experiences, including past education and training.

In a similar fashion, the existing human-created capital reflects what someone once thought was important. The natural capital endowment in a place reflects decisions of earlier inhabitants as well. Such an endowment may be viewed as a legacy or of great value, or it may only reflect what previous inhabitants believed to be important or unimportant.

These endowments or inherited assets, **A**, will always inject tension into community decisions. Such assets may result in a high degree of path dependence, or a continuation of past patterns of behavior, even though a different path would be chosen in the absence of those assets or endowments. Those of a conservative persuasion will argue that failure to preserve certain endowments will destroy information or knowledge that may have future value.

Current information, **I**, is of great importance. This is especially true at a time when globalization and urban centered affairs affect people in profound ways regardless of where they live or work. The recent book by Nobel laureate in economics, Joseph Stiglitz, entitled *Globalization and its Discontents* (2002), makes this point in a dramatic way. He argues that the more developed societies have required various economic reforms of less developed societies as a condition for investment and trade. These economic reform measures stem from assumptions about the desirability of unregulated markets regardless of the stage of development of a society or an economy. Yet Stiglitz believes that information is not equally available to those in different stages of development and the resulting competition is unequal and unfair. Access to information can have a great effect on the relations among places separated by distance and with different population densities.<sup>4</sup>

It has been written that expectations, **E**, and anticipations are the joys of life. Yet if expectations are to be a reliable guide for decisions pertaining to the future, they need to reflect an accurate image of what that future will be (Boulding, 1956). Imagination is a human attribute, but how it is best stimulated, and how its predictive accuracy can be enhanced is not well understood. Equal access to education and reliable information, undoubtedly is of great importance in forming realistic expectations. In the absence of realistic expectations, the people of place-based communities are doomed to path dependence or to be prisoners of current general trends (Krugman, 1991). Economic, social and technological change is occurring at an increasing rate, and the implications of that change are becoming increasingly unpredictable. Realistic expectations provide the capacity to adapt and adjust to future developments. Our vision of the future influences that which we treasure that has come to us from the past.

The trajectory, **T**, of a place through time is subject to boundary conditions. Three boundary conditions- **b<sub>1</sub>**, **b<sub>2</sub>**, **b<sub>3</sub>**- are used here to illustrate the limits of local autonomy where:

**b<sub>1</sub>** are institutional boundaries,

**b<sub>2</sub>** are boundaries established by natural environmental conditions and

**b<sub>3</sub>** are externally imposed economic realities.

The boundary conditions chosen here are for illustrative purposes. Different boundary conditions may need to be established for particular places.

Boundary conditions establish limits of local autonomy. The estimation or determination of boundary conditions is one of the most important decisions to be made by a place. If a place assumes it has greater autonomy than in fact is the case, unrealistic courses of action will result. Errors in the opposite direction are equally serious. Different academic disciplines can be exceedingly useful in the description of boundary conditions, if representatives of those disciplines understand their role is to predict and describe rather than prescribe. Academic disciplinarians have a propensity to view local places as specimens to be explained by a more general framework. Those involved in local decision-making are likely to want their uniqueness to be respected and considered. The management of expert opinion is one of the important functions of local decision-making groups.

The above boundary conditions are subjected to varying degrees of local control. In the example here, with *b<sub>1</sub>*, locals may have some influence on some institutions. With respect to *b<sub>2</sub>*, locals may or may not have influence and, most likely, influence will be dispersed among several public and private entities. In the case of *b<sub>3</sub>*, the local community has virtually no control. The boundary conditions are not necessarily immutable and may also be dated.

Actions taken by the community, then, will be determined by collective choices reflecting the various forms of social capital in the community. The resulting trajectory, of course, will reflect those decisions, boundary conditions, as well as unanticipated and, perhaps, unpredictable external events. In the short run the boundaries, established by *b<sub>1</sub>*, *b<sub>2</sub>*, and *b<sub>3</sub>*, may be viewed as relatively fixed; in longer-run situations they may be influenced by community decisions, but, more likely by external forces.

Boundary conditions and their impact on local communities have great relevance to the design of place-based policies. Federal and state government initiatives may affect local places differently because of local uniqueness. As a consequence, they need to provide for local adaptation, and be consistent over time, as well as with other federal and state programs. Much of the pain experienced in the Klamath Basin in 2001 was the result of inconsistent federal programs operating under the mandates of the Endangered Species Act.<sup>5</sup>

The fundamental point made at the outset was that some congruence or overlap among place, community, and local government is required if effective intermediate decisions are to occur. In fact, of course, this may not exist. There are cases where the geography of a place does not coincide with a local jurisdiction, or there may not be a sufficient community of interest within a jurisdiction to permit group decisions to be made. Of course, within a given place it can be expected there will be smaller communities of interest, or forms of social capital, in existence. In such circumstances the formation of “weak ties” across such groups may be possible. And, of course, in certain circumstances non-governmental organizations arise to represent the interests of the people of a place.

In essence it is collective decisions reflecting the social capital, or community of interest, in a place that determines the trajectory of a place through time, and more than one time period must be considered. Those familiar with collective decisions know that new directions are often taken as new information becomes available, or when different

people constitute the decision-making group. The result is that the trajectory,  $T$ , through time cannot be expected to be a straight line. In contrast to a business firm, where an objective such as profit maximization, or maximum stockholder value may be the objective, no such objective for a place,  $P$ , has been assumed.

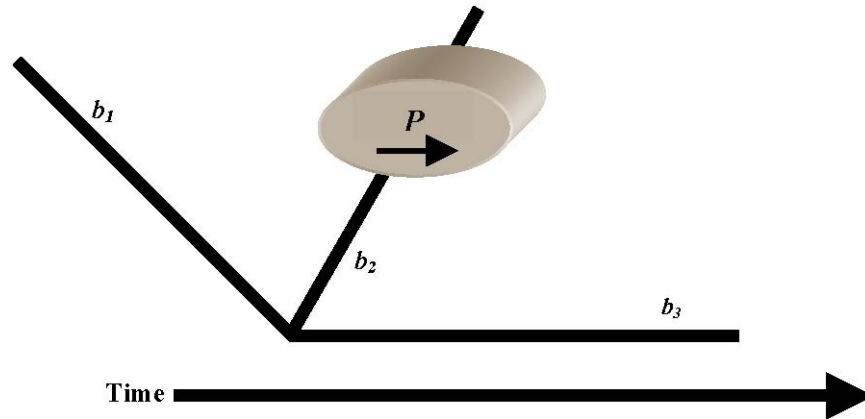


Figure 2.

Figure 2 summarizes the concept of local choice presented here. It is designed to illustrate the trajectory of a unique place as it travels through time. Such a trajectory can never be represented as a continuous, straight path. Some outside forces can be captured and described as boundary conditions, yet many cannot be anticipated. Decision-making is necessarily incremental and adaptive. Outside experts can be helpful in the formulation of realistic boundary conditions; but are likely to be less helpful in specifying a particular course of action. As stated previously, the management of outside expertise is an important responsibility of intermediate decision-making units.

## Implications for a National Place-based Policy

The preceding material permits the following conclusions:

A national place-based policy will recognize and reflect the importance and needs of intermediate decision-making units of government, especially local units of government. The federal system of separations of powers permits the exercise of local autonomy by local governments. The exercise of local autonomy permits local uniqueness to be recognized and may serve as a buffer to outside forces. If the potentials of local uniqueness and autonomy are to be realized fully, there must be a convergence of place, local government, and community. Accommodation of diverse points of view will be necessary if such convergence is to be achieved.

The endowment of a place takes many forms--in social norms and networks, in its people, and in its built and natural environment. Its cultural heritage is embedded in each of these endowments. A tension always exists between preservation of an endowment and the potential of new opportunities. Effective community decision-making will reflect the constructive potential of this tension.

Local governments and communities that reflect a sense of place will recognize and identify realistic boundary conditions within which they must operate. Boundary

conditions reflect the economic, environmental, and institutional realities that must be recognized as local autonomy is exercised. By the same token, place-based policies need to recognize and respect the uniqueness of particular places and the proper scope of local autonomy.

Intermediate decision-making in a place integrates endowments, current information, and expectations within boundary conditions when deciding on a path to be followed as the place moves on a trajectory through time.

Attention directed to intermediate decision-making and local government does not diminish the need for, or importance of, federal and state government. Each has important and established powers and responsibilities. If intermediate decision-making can be made more effective it will permit government generally to more nearly achieve the potential inherent in the division of powers.

The national government role in place-based policy is to set boundary conditions that address the national interest in the trajectory of places, and to provide both the resources that local government can direct to building various forms of capital and information that is useful to localities in exercising local autonomy.

## **Requirements of a National Place-based Public Policy**

There are three requirements for the development of a coherent national place-based policy: stakeholders committed to places; a conceptual base and justification, and a community of informed people concerned about policy and place. Such policy must pay attention not only to actions, programs and regulations that are directed to affecting the trajectory of places, but also to those policies that do not have place as a primary focus.

## **Stakeholder Identification, Recognition, and Involvement**

After the presidential election in 2000, many newsmagazines presented a map of the United States with each state colored red or blue. The interpretation suggested by the maps was that population density was an important factor affecting the way people voted. Urban equated to Democratic, and rural to Republican. Many more people became aware of something called the rural-urban divide, and realized that the place people live may affect the way they vote. We now know the red-blue maps were over-simplifications, but for the purpose of this paper the message is clear. A successful place-based public policy will come into existence only if it does not antagonize either traditional rural or urban interests. Density of population is a continuous variable, not one of discrete categories such as rural, urban, suburban, metropolitan, non-metropolitan, city or countryside.

The requirements of a successful place-based public policy are easier to state than to achieve. Most of the people, regardless of the density of the population or the location of the place where they live, must be convinced they have much in common. As Scorsone and Freshwater write, this will require that the total landscape be thought of in a different way. The city and the open countryside will be considered as end points on a continuum. A place-based policy will be concerned with everything in-between as well as the end

points. It will recognize that non-metropolitan does not equate to agriculture or forestry and that a great deal of diversity exists within these industries. Above all, it will recognize the spatial connections and interdependencies among places along the continuum. Again, following Scorsone and Freshwater, there will need to be recognition that the future will be affected in important ways by those who reside in small towns and cities. These are the people who will be important stakeholders in a place-based policy.

The people along the continuum referred to above need to become convinced that many of their common issues can be more effectively addressed if density of population and distance are reflected in public policies. These common issues include land use, environmental quality, poverty, and education. Each of these common issues identifies potential stakeholders. There is need for a grand vision of what a policy can accomplish, but specific messages also are important.

The consequences of economic growth and change are felt every place in the land. The city is affected differently than the countryside or the places between, but all are affected. When a metropolitan area attracts people, other places have lost population. A proposed place-based policy will reflect the belief that incremental, individual responses to the incentives of an enterprise economy, together with existing fragmented government policies, do not constitute an adequate public policy response. A clear statement of this belief, appropriately documented, is an important requirement of a place-based public policy.

## **When Place is not the Primary Policy Purpose**

The neglect of place in the administration of policies designed to address a purpose other than place is a serious issue that is seldom discussed. Adjustments often are made in particular programs for the effect of distance, although such adjustments frequently appear to have been of an ad hoc nature. There is need for systematic reviews of the place effects of individual programs, and for inter-program comparisons of the effects of place. Hopefully, this issue will not be neglected in the development of a place-based public policy. In this paper we have chosen the Endangered Species Act and welfare reform to illustrate the issues encountered when place is not the primary focus of programs but where place, nevertheless, is important.

### ***Endangered Species Act***

The application of the Endangered Species Act (ESA) in the Klamath Basin of Oregon and California brings a number of issues into the open that pertain to place and intermediate decision-making. It was noted earlier it is not required that the ESA be administered through state and local government. It cannot be known how the ESA might have been applied differently in the Klamath if it had been required that they do so. Clearly the people in that geographic place do not constitute a community with unified interest regarding species preservation and water allocation. Even if they did, there is no

recognized local jurisdiction to reflect that interest. The Klamath Basin includes land from both California and Oregon. In addition, no local organization exists to speak for the water users of the Klamath Basin. Native Americans, the Klamath Irrigation Project, as well as individual water users all have rights in water although those rights have not yet been fully adjudicated under Oregon law.

The inadequacy of local institutions to respond to the application of the ESA in the Klamath Basin describes only part of the problem there. The institutional boundary conditions illustrated in Figure 2 were highly unstable. One agency of the Federal establishment, the Bureau of Reclamation, established an irrigation project in 1905 and contracted to provide water to the irrigation district. In 2001, for the first time, it was unable to honor its obligations because of a biological opinion issued under the ESA. To be sure, the District and irrigators were aware of the possibility of water being withheld, but they knew irrigation flows had been maintained in previous drought years. Not only did federal agencies have conflicting objectives, there were inconsistencies in application among years.

Does this mean that the effect of place should be ignored in the administration of the ESA? Can it be argued that the Act should be applied without regard to place just as cost is supposed to be disregarded? Prior to addressing such questions, recognize the agencies responsible for the Act (Fish and Wildlife Service, National Marine Fisheries Service, the Department of Agriculture) have insufficient funds to consider all potentially threatened and endangered species. Choices must be made in the species to be listed and protected under the Act. Does geographic location enter such decisions either implicitly or explicitly? It has been alleged that the Act has been applied more in the West, and in sparsely populated places than it has elsewhere. The argument goes that application is often made on strategic grounds rather than just on biological considerations. More public land exists in the West. The economic and political implications no doubt are different in less densely populated places than they are near urban and metropolitan places.

Could a place-based public policy throw light on such troubling questions? If a government agency existed, created by a place-based policy, it could be given responsibility to review such decisions. This would have the effect of bringing the issue into the open and subjecting it to public debate. At present many people in less densely populated places in the West question if the ESA is being applied consistently, regardless of cost or consequence. This issue contributes to the rural-urban schism there.

The above discussion of the ESA serves to identify a major issue that needs to be faced as place-based policies are developed. Those with concerns about the condition of the natural environment have become a major political force in the United States. Can place-based policies be formulated so that they are not perceived, or made to appear, hostile to the natural environment? If a place-based policy is advanced and supported by small and medium sized towns and cities, urban environmental interests may react with skepticism or hostility. In fact, of course, environmental interests can be found in places varying in location and population density. And resource users are not necessarily environmental rapists, yet perceptions are not always in accord with what is considered to be fact from a different perspective. Emphasis may need to be given to the environmental benefits of a place-based public policy as it is advocated.

## ***Welfare Reform***

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, a major reform of the nation's social safety net. This legislation replaced the entitlement program Aid to Families with Dependent Children (AFDC) established during the 1930's with Temporary Assistance for Needy Families (TANF). The goals of TANF are to provide short-term cash assistance to those in need while reducing welfare dependency and encouraging marriage and work among those on assistance. The new program provides block grants to states and gives them more flexibility in designing and implementing programs to meet local needs, within certain program restrictions designed to move people from welfare to work. There is a 5-year lifetime limit for any recipient of Federal welfare benefits, for example, and recipients are required to participate in work activities within 2 years of welfare receipt.

States have responded in a variety of ways to the devolution of responsibility. Most states (38) have "state-administered" welfare systems in which the state retains legal responsibility for the program, provides funds and sets policy goals and administrative arrangements. Twelve states, however, have established "state-supervised/county-administered" programs in which "basic legal responsibility is lodged at the county level" (Nathan and Gais, 1999). A look at implementation of such a program in Ohio provides an example of how this devolution works in practice.

Before welfare reform, counties administered welfare but the state 'wrote extensive rules and policy guidelines to influence the programs offered to welfare recipients,' and counties depended on state agencies and their agreements for services. Under the new law each of the 88 counties negotiates a 'partnership agreement' with the state. These agreements allow extensive flexibility in the kinds of services offered to families – especially with respect to employment services, self-sufficiency plans, and diversion activities – and they permit the county to contract for service with whatever groups it wants (Nathan and Gais, 1999, Chapter 7).

But Nathan and Gais suggest that the shifts in power and responsibility are not just the result of statutory changes in welfare law. "...the most important driving force for the decentralization of power is the nature of the new task. *The 1996 shift to a service and sanctioning strategy for welfare inexorably pushes decision-making downward.* This is because so much of what needs to be done to get and keep a person off of welfare has to be decided, arranged and carried out locally" (italics in original, Nathan and Gais, 1999,

Chapter 7).

Nathan and Gais, in their assessment of the new distributions of power under the 1996 welfare law, conclude:

Although devolution to the states is widely discussed in describing the welfare reforms now underway, the real federalism story of welfare reform is local.

Even in what are defined as state-administered welfare systems, there are major developments to devolve welfare and related social programs responsibilities to local entities. This includes more than just counties: in many states, new or relatively new regional entities are now responsible for melding welfare and workforce responsibilities – responsibilities that are often privatized, or using a term that deserves more recognition, non-profitized. This movement is what we call “*second-order devolution*” (Nathan and Gais, 1999, Chapter 7).

What are the outcomes of this devolution of responsibilities under welfare reform, of the exercise of local autonomy in a federally funded program? Of particular interest are the outcomes in rural places.

Local administrators clearly are energized by the new authority and ability to tailor local programs to local needs. Tickamyer *et al.* report that local welfare administrators in rural Appalachian counties in Southeast Ohio reserve their greatest enthusiasm [about welfare reform] for the expanded opportunities and material benefits that have accrued to their organizations as the result of reform. They particularly relish the increased flexibility, autonomy, and material resources. They appreciate the loosening of bureaucratic rules, and it may be argued that the greatest benefit they perceive is a reduction in state paternalism governing their operation. In bringing devolution to the counties, the state has given them freer environment to design programs and use resources in a manner that seems meaningful to directors (Tickamyer *et al.*, 2002, p. 251).

The outcomes of welfare reform for the welfare recipients in these rural places is more mixed, both because devolution-induced local autonomy introduces new uncertainty into the program, and because the local economic situation in rural areas is less advantageous. Program participants in the rural Ohio region, for example, “lack understanding of the parameters of welfare reform and particularly fail to see the logic of sanctions. They perceive these as capricious and irrational obstacles in much the same way that overly regulated, overly rule-conscious bureaucratic policies appear to the directors” (Tickamyer *et al.* 2002, p. 252). Rural places also provide less opportunity for success in the labor market and have fewer work supports. They have fewer and lower-paying jobs and less access to childcare and transportation that are necessary work supports for those on welfare. The data suggest that indeed the receipt of welfare by



single mothers with children was most prevalent and persistent in those places with the highest barriers to labor market success (central cities and counties and remote rural counties) during the 1993-98 period in which welfare reform was being implemented (Fisher and Weber, 2002).

The exercise of local autonomy in this federal program allows local needs and conditions to be considered explicitly in program implementation, and allows putting federal resources to use in ways that appear most beneficial to those most directly affected. The new welfare policy, however, does not work as well in places with higher barriers and fewer opportunities. It also opens the possibility of arbitrary and inconsistent exercise of authority across neighboring jurisdictions, and of outcomes that are inconsistent with the national interest. For example, local decisions about welfare receipt in the presence of a weak local economy may induce migration from poor rural to poor urban areas and exacerbate urban problems.

## **The Justification for Place-based Policy**

Standing alone, an enumeration or documentation of undesirable spatial consequences of economic growth and change will not justify a place-based public policy. Advocates of additional intervention need to demonstrate how the proposed policies can improve the current state of affairs. State and municipal governments have not accepted market prices as the sole solution to spatial problems. Almost all exercise some control over land use. Yet the economic engine causing spatial adjustments reflects national and global considerations, a far broader force than can be addressed by the independent actions of state and local government. The missing link is a national policy that reflects national and international forces, and provides coherence, integration, coordination and leadership for state and local efforts. Only the federal government can reflect those values and goals that exist for the entire nation. It follows that government at all levels—federal, state and local—are required if a place-based public policy is to emerge.

Clearly state government will be an integral part of any such policy. States grant and administer individual rights in real property, and establish the framework for local government operations. A proposal for a place-based public policy should demonstrate that an integrated federal-state-local approach to location issues will be superior to a) a system that relies largely if not entirely on market generated prices, or b) the present system of market prices and fragmented state and local policies and programs.

A place-based public policy should also recognize and reflect interdependencies of a more subtle nature and be concerned with more than just economic change and land use. As noted earlier, there are numerous common problems where public policy actions are counter-productive unless the interests of a particular place related to its location and population density are considered explicitly. Welfare reform and species preservation, discussed at various points in this paper, provide but two examples. This is an additional fundamental requirement of a place-based public policy.

Enduring public policy agendas do not arise in a vacuum. Such policies address a legitimate need, but the best possible approach is seldom apparent to all concerned. These conditions give rise to the need for discussion, debate, and investigation.

Consider, for example, the literature and the number of professional workers concerned with such diverse policy arenas as monetary and fiscal policy, international relations, and natural environmental policy. A community of interested people is essential to the passage of landmark legislation but does disappear at that time. The reason is that deep-seated social problems are seldom solved by even landmark legislation. Rather, such problems must be given attention and managed over time. A necessary community of interested people does not exist in the place-policy arena.

A legitimate and important need for such a policy does exist. Simply put, the need arises because an enterprise economy cannot take into account all negative place-related consequences of its actions. Even though the need is apparent to many, the best possible policy approach is debatable. Before alternative approaches can be fashioned and evaluated, concepts must be advanced of how things can be made better. Even after a policy is put in place there will be a continuous need to evaluate past performance, as well as identify potential improvements (Stauber, 2001).

A substantial conceptual base exists that can be now be applied to the formulation of a place based policy. This conceptual base has not yet been unified to the same extent, as is the case for some of the policy areas identified above. Yet the conceptual base for most public policies was far from fully developed when those policies were first put in place. In fact, the development of cost-benefit analysis is often said to stem from the Flood Control Act of 1936. Since that time policy developments and conceptual advances in resource and environmental policy have proceeded in a parallel fashion. One of the authors of this article has been involved in both policy applications and conceptual developments in natural resource and environmental from 1954 to the present. It is his judgment the conceptual base for a place-based policy compares favorably with the conceptual base that existed as natural resource and environmental policy evolved.

The conceptual base for each public policy arena has distinctive characteristics that reflect differences in the problems addressed. Place-based policies will be best served by concepts arising from different academic disciplines and by more than one technique. Economists have developed a core of theory that explains the location of economic activity and the size and form of urban systems. These constructs allow analysts to trace the impacts of public and private decisions on urban and rural places. Central place theory from economics, enriched by new growth theory insights, explains much about location and space use, as well as regional economic development. Geographers such as Peirce Lewis have called attention to patterns of urban development (edge cities) that are at variance with the patterns anticipated by traditional urban economics. Economists, geographers, and regional scientists all contribute in this arena.

Much of the analysis of place in the social sciences focuses on particular urban places or rural regions. Some work, however, has attempted to model the interdependence of rural and urban places. Waters *et al.*, for example, developed a “core-periphery” multi-regional input-output model that allows static analysis of the impact of policy changes (such as an Endangered Species Act listing) affecting a rural areas on the economy of the region’s urban core. Krugman, in what has been called the “new economic geography”, has developed a formal dynamic model of urban and rural economic interaction that predicts increasing concentrations of economic activity in urban centers (See especially Krugman, 1991). Kilkenney’s more realistic treatment of rural economies in the new economic geography models permits these models to yield

alternative outcomes (Kilkenny, 1998). Sociologists and economists have also used their conceptual tools to explain why poverty tends to concentrate in central cities and rural places. Economists have focused on the “spatial mismatch” between suburban jobs and central city black workers to explain persistent central city poverty (Ihlenfeldt and Sjoquist, 1998). Sociologists have attempted to explain persistent central urban and rural poverty as a function of differences in individual and household attributes and differences in labor market composition and restructuring (Summers, 1995; Hirschl and Brown, 1995). Recent data suggest that poverty is indeed deeper and more persistent in central cities and remote rural counties (Fisher and Weber, 2002).

The attention given to intermediate decision-making early in this paper drew on concepts from sociology, political science and economics. This important area cries out for additional development.

The capacity for quantitative analysis has grown enormously in recent years and permits quantitative evaluation of alternatives on a scale unthinkable a few decades ago. Techniques for organizing data and quantitative work are being developed far more rapidly than conceptual developments pertaining to individual and group motivations and decision-making.

## **A Community of Informed People**

Success in any area of public policy depends on a community of informed people. These are people with deep concern about the problem being addressed and commitment to public policy solutions. Within this community of informed people at least two sub groups can be identified. One group can be labeled as action-oriented, the other analysis-oriented. Action-oriented people cultivate supporters, prepare and introduce legislation, and engage in administration. Analysis-oriented people engage in activities such as setting forth proposals, doing research, and evaluating alternatives. Typically there is considerable overlap between the groups; indeed, a large area of overlap is highly desirable. Some people may make important contributions in each area. John Maynard Keynes, Thomas Jefferson, and Dean Acheson provide examples of people who played both roles effectively. Both activities need to flourish and contribute to developing support, a common pool of information, and successful programs. Nevertheless each group has distinctive needs.

A place-based policy will require action-oriented people to advance policies and cultivate support. These people will have need for information and ideas. They will learn much from one another as they proceed, but they will also need help from those who are familiar with concepts and literature that can be applied in public policy. This suggests a possible role for an organization that would bring together people from both groups. The National Rural Studies Committee, with special support from the W. K. Kellogg Foundation, devoted considerable effort to the formation of such a group with the proposed name of CROSSROADS. There are difficulties in making such an organization operational, but such a group could provide great support for a place-based policy. Among other advantages it could create a shared commitment to the importance of a place-based policy by both action and analysis-oriented people. The CROSSROADS experience has been documented and is available to interested parties (Castle, 1997).<sup>6</sup>

The analysis-oriented people who are interested in setting forth proposals, organizing data and information, and evaluating alternatives have distinctive needs and characteristics as well. The talent pool here is considerable, but it is to be found in many places, and in several disciplines. The principal need here is to establish communication and a sense of identity within this group so that a cadre of talent can be enlisted as the need arises. Again, the National Rural Studies Committee considered this need and developed a plan for identifying participants in such a group, as well as a suggested organization. This material also is available to interested parties (Castle, 1997).

There is need for a publication to report thoughtful opinion, policy analysis and policy-relevant research pertaining to place related issues. Such a publication should aspire to a role in place related policy comparable to that of *Foreign Affairs* in international relations. The publication could have a name such as *The City-Countryside Forum*, and could be made available on-line as well as in printed form. It would be understood the city and the countryside are end points on a continuum. The *Forum* would be concerned mainly with what occurs in between. Academic people would be encouraged to contribute, but the *Forum* would not be considered as an outlet for research suitable for publication in academic disciplinary journals. Submissions would be solicited broadly from authors interested in ideas and policy analysis. There now are journals concerned primarily with urban affairs. There is no comparable outlet for policy studies that pertain to the less densely populated areas, or that relate the two. In a relatively short time such a journal has the potential to make a direct contribution to place-related policies. In a longer run setting it would focus efforts in higher education on place-related activities.

## **Development, Introduction and Advocacy of Policy Proposals**

Recognition that both ideas and actions are important in the formulation and adoption of public policy, suggests a division of labor between those who oriented in one direction or another. The “idea” group will have an important, but not necessarily exclusive, role during development. As noted earlier, it is important that the policy serve a real, documented need. In addition, there needs to be evidence the proposed policy will improve on the existing situation. The final decision on the fate of the policy will be made in the political arena, and many issues in addition to need and effectiveness are likely to be involved. Nevertheless these are “bedrock” matters and should not be neglected in the development stage. The strongest possible intellectual case should be made during development of the proposed policy.

Sponsorship is important as the proposed policy is introduced. Name recognition, prestige, and breath of interest will assist the proposed policy to be taken seriously.

“Action” oriented people, best perform advocacy activities, as well as arranging sponsorship. These are people who have a need to “see things happen” and know how to achieve that end.

There is need to draw these distinctions. Often the qualities that make people good at one activity are the qualities that make them less effective in another. For example, “idea” people, good at evaluating different courses of action, may be entirely too skeptical to be good advocates. Yet a highly skeptical attitude is important in good

analysis. Unless such distinctions are recognized and respected, conflict and confusion can develop among supporters of a policy.

## **A Reflection on the History, Institutions and Culture of Particular Places**

At the outset of this paper, geographic location, density of human populations, and time were identified as framework variables necessary for the understanding of particular places. These variables have been referred to repeatedly since, especially location and population density. Time was treated explicitly in the discussion of community choice and especially with the endowments of a place. The endowments of a place are a consequence of past actions, and constitute the assets of a place at any given time. History, therefore, becomes of practical significance in intermediate decision-making.

The history of places also is of importance in a larger policy context. It has been argued that the preservation of rural values and norms should be an objective or a place-based policy. This contention usually is associated with the virtues inherent in small town and family farms. The argument has persisted for a sufficiently long time that it deserves to be examined seriously.

Figure 2 is helpful in considering the issue. Unique places are depicted as moving through time with each place having some capacity to make choices that affect the trajectory it will take. Following this line of thought, it is reasonable to assume that places can learn, not only from their own experience, but also from the experiences of other places. Learning from the experiences of others requires, of course, that allowances be made for the uniqueness of particular places. Is it possible, then, that the values, norms, and institutions that have evolved in sparsely populated places have broader application? If so, is this justification for place-based policies?

It is not difficult to make the case, then, that the unique experiences people face may shape the distinctive values, norms and institutions they develop and preserve. Further these values, norms and institutions may be helpful in other circumstances. This is appealing not only on an intuitive or commonsense basis, it is possible to expose such a conjecture to empirical realities. Nachtigal, for example, believes the experience gained with small rural schools may have application to contemporary urban school problems (Nachtigal, 1990; Haas and Nachtigal, 1998). Are there lessons to be learned from experience with rural schools that are useful in the formation and conduct of small, charter schools in more densely populated places? It is reasonable to believe such transfers are possible.

It is far more difficult to maintain, however, that the values, norms and institutions of (say) sparsely populated or rural places deserve more consideration than do those of other places. The experience of every place is, in some sense, unique. Furthermore, the rate at which society is changing puts the history and experience of every place in jeopardy. Humans may lose much that is of value if they fail to respect the experience of the past as reflected in the culture, norms, and values that have evolved from living in different places. A place-based policy could well give attention to this matter. That is a far different issue than attempting to preserve a particular way of life or

lifestyle. It is also different than suggesting the moral superiority of the people of one place, region or occupation over those in another.

## References

- Boulding, K. 1956. *The Image*. Binghamton, NY: Vail-Ballou Press.
- Castle, E. N. September, 2002. "Social Capital: An Interdisciplinary Concept". *Rural Sociology*, (Forthcoming).
- \_\_\_\_\_. 1997. *National Rural Studies Committee: Final Report*. Western Rural Development Center. Oregon State University: Corvallis.
- Fisher, M. and B. Weber. June 2002. *The Importance of Place in Welfare Reform: Common Challenges for Central Cities and Remote-Rural Areas*. Research Brief 1, Center on Urban and Metropolitan Policy, The Brookings Institution, 11 pp.
- Granovetter, M. May, 1973. "The Strength of Weak Ties". *American Journal of Sociology*, 78: 1360-1380.
- Haas, T. and P. Nachtigal. 1998. *Place Value: An Educator's Guide to Good Literature on Rural Lifeways, Environments, and Purposes of Education*. Appalachia Educational Laboratory, Inc.
- Hirschl, T. and D. Brown. 1995. "The Determinants of Rural and Urban Poverty". Chapter 12 in *The Changing American Countryside: Rural People and Places*. E.N. Castle, ed. Lawrence, KS: University Press of Kansas.
- Ihlenfeldt, K. and D. Sjoquist. 1998. "The Spatial Mismatch Hypothesis: A Review of Recent Studies and Their Implications for Welfare Reform". *Housing Policy Debate*, (9)4: 849-892. Fannie Mae Foundation.
- Kilkenny, M. May, 1998. "Transport Costs and Rural Development". *Journal of Regional Science*, 38(2): 293-312.
- Krugman, P. 1991a. "History versus Expectations". *Quarterly Journal of Economics* 106(2): 669-682.
- \_\_\_\_\_. 1991b. *Geography and Trade*, Cambridge MA: MIT Press.

Langpap, C. and J. Kerkvliet. June, 2002. "Success or Failure? Measuring the Effectiveness of the Endangered Species Act". Corvallis, OR. Unpublished.

Lewis, Pierce, "The Urban Invasion of Rural America: The Emergence of the Galactic City". Chapter 3 in *The Changing American Countryside: Rural People and Places*. E.N. Castle, ed. Lawrence, KS: University Press of Kansas.

Nachtigal, P. 1990. "Rural Education in a Period of Transition". National Rural Studies Committee Proceedings. May 17-18. Western Rural Development Center. Oregon State University.

Nathan, R. and T. Gais. 1999. "Implementing the Personal Responsibility Act of 1996: A First Look". Federalism Research Group. The Nelson A. Rockefeller Institute of Government, State University of New York.

Oakerson, R.J. 1998. "Politics, Culture, And the Rural Academy: A Response to Castle". *American Journal of Agricultural Economics* 80:632-634.

\_\_\_\_\_. 1995. "Structures and Patterns of Rural Governance". Chapter 21 in *The Changing American Countryside: Rural People and Places*. E.N. Castle, ed. Lawrence, KS: University Press of Kansas.

Salamon, S. 1992. *Prairie Patrimony: Family, Farming and Community in the Midwest*. The University of North Carolina Press: Chapel Hill and London.

Schafft, K. and D. Brown. March, 2000. "Social Capital and Grassroots Development: The Case of Roma Self-governance in Hungary". *Social Problems* (47) 2: 201-219.

Sobel, J. 2002. "Can We Trust Social Capital?" *Journal of Economic Literature* (XL): 139-154.

Stauber, Karl. 2001. "Why Invest in Rural America—And How? A Critical Public Policy Question for the 21<sup>st</sup> Century". *Northwest Area Foundation*. St. Paul, Minnesota.

Stiglitz, J. 2002. *Globalization and its Discontents*. New York: W.W. Norton.

Summers, G. 1995. "Persistent Rural Poverty". Chapter 11 in *The Changing American Countryside: Rural People and Places*. E.N. Castle, ed. Lawrence, KS: University Press of Kansas.

Tickamyer, A., J. White, B. Tadlock, and D. Henderson. 2002. "Where All the Counties Are Above Average: Human Service Agency Directors' Perspective on Welfare Reform". Chapter 8 in *Rural Dimensions of Welfare Reform*. B. Weber, G. Duncan, and L. Whitener, eds. Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research.

Waters, E.C., D. Holland and B. Weber. July 1994. "Interregional Effects of Reduced Timber Harvests: The Impact of the Northern Spotted Owl Listing in Rural and Urban Oregon". *Journal of Agricultural and Resource Economics*, 19(1): 141-160.

Weber, B., G. Duncan and L. Whitener, eds. 2002. *Rural Dimensions of Welfare Reform*. Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research.

Woolcock, M. 1997. "The Place of Social Capital in Understanding Social and Economic Outcomes". *Canadian Journal of Policy Research* 2(1): 11-17.

## ENDNOTES

<sup>1</sup> This paper was written for the Rural Policy Research Institute (RUPRI) for its tenth anniversary conference held on October 16th – 18th, 2002 in Nebraska City, Nebraska. Financial support for the paper was provided by RUPRI and the Oregon Agricultural Experiment Station.

The models presented in this paper are based largely on experiences of the authors over more than a decade. From 1987 to 1997 they were members of the National Rural Studies Committee, an activity made possible by the W.K. Kellogg Foundation. In addition to other activities, the authors participated in numerous meetings and field trips held in different regions of the continental United States (Castle, 1997). The model also draws on the experience of one of the most successful rural community extension programs in the nation led by the late Glen Pulver at the University of Wisconsin.

The authors are economists in the neo-classical tradition, and are pluralists in methodological orientation. This means they do not believe it is always necessary to reject past contributions in order to embrace new developments. They believe that such traditional tools and concepts such as central place theory, cost-benefit analysis, and input-output analysis may contribute greatly to an understanding of rural activities. Yet all intellectual constructs are partial, and no single approach or academic discipline can be expected to provide a comprehensive understanding of a complex subject such as place-based economies and societies.

Within economics we have been stimulated by the literature in evolutionary economics, especially the classic work of Nelson and Winter. We are also indebted to new growth theorists, such as Arthur, Krugman, and Romer. In sociology, Coleman and Woolcock have influenced our thinking, as has the recent work of David Brown and Sonya Salamon. Ronald Oakerson has expanded our horizons in political science. The authors are also in the debt of numerous people not identified in the references to this paper. These include: Gene Summers (sociology), Julian Wolpert (geography), Russell Youmans (economics), Edwin Mills (economics), Paul Barkley (economics), John Byrne (oceanography), Karyle Butcher (library science), Daniel Bromley (economics) and William Howarth (American literature).

<sup>2</sup> From the above it can be seen the conceptual models advanced in this paper are derived from empirical observation and experience, as well as knowledge in several academic disciplines.

<sup>1</sup> The selection of place, P, rather than community, C, or local government unit, G, has been chosen here because place is a central concept in this paper.

<sup>3</sup> A caution flag is raised if one wishes to aggregate the total capital of a place. With existing methodology it may not be possible to establish a common denominator for all forms of capital. Particular difficulties exist with respect to human and natural capital. Much of the controversy concerning sustainability arises because of this difficulty. The addition of social capital to the list changes the magnitude, but not the nature of the aggregation problem. However, aggregation of the total capital of a place is not necessary for planning and decision-making to proceed.

<sup>4</sup> The Director of the University Library at Oregon State University has recognized the importance of information in place-related activities. She is a supporter and active participant in the Oregon State University Rural Studies Program, as well as other place-related efforts in the University.



<sup>5</sup> An earlier version of the forgoing concepts was presented at the American Agricultural Economic Association 2002 Conference in Long Beach, CA. The paper entitled “The Klamath Basin as Context: A Concept of Community Choice” will be posted in its entirety to the American Agricultural Economic Association website.

<sup>6</sup> Additional documentation is available from the authors.