

Sustainable development in the frontiers of the American Megalopolis

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Introduction

The vast expansion of megalopolis often accompanies a large-scale exploitation of the frontiers that supply megalopolis with goods in demand on world markets and cheap labor. In certain situations, the excessive exploitation and ecological damages place the frontiers in jeopardy of sustaining balanced economies with sound ecological systems. In order to compensate

for the economic gap between megalopolis and its peripheral fringes, the central government sometimes intervenes with the problem of regional development by embarking on different forms of development programs in the regions characterized as frontier economies. In recent years, however, the conventional development schemes geared only toward economic growth with external capital have been called into question. Furthermore, the need for synthesizing government intervention with local initiatives has been increasingly called for in sustaining the economic growth of impoverished regions while preserving sound ecological systems and achieving social equality.

This study examines the issue of sustainable development in the frontiers of the American Megalopolis through an analysis of the Appalachian region, the first western frontier of the United States, to which the Atlantic Megalopolis expanded its markets and export capital. First, Gottmann’s view of the Atlantic Megalopolis as “the continent’s economic hinge” is discussed in relation to the exploitation of its inland frontiers to see how the frontier economy has become deeply peripheralized through the integration with the capitalist economy of Megalopolis. The way land resources were exploited in the frontiers best exemplifies the phenomena of “deepening peripheralization,” thus the patterns of land ownership are closely looked into. After a brief explanation of government-initiated development programs targeted at such impoverished regions for over a half-century and their limitations, the study then focuses on the emerging trend synthesizing government endeavors with local initiatives for more sustainable and sound development at the community level. It is found that the existence of intermediary structures bridging external funds and local needs is vital in achieving sustainable development in regions that are deprived of economic opportunities. Finally,

implications for public policymaking are pointed out as to how the challenge of persistent poverty in peripheral fringes of the highly urban system should be tackled.

Growth of the Atlantic Megalopolis and development of frontiers

The prominent status of the Northeastern Atlantic Seaboard of the United States in the world economy inspired Gottmann to synthesize the vast complex urban phenomena into a cohesive concept of "megalopolis." Since the publication of *Megalopolis* (1961), some other highly urbanized areas, not only within the United States but also around the world, have become noted as megalopolises in nature. The densely populated area stretching from Tokyo to Osaka in Japan, for example, being designated the Tokaido Megalopolis, has been intensely studied by Gottmann as well as Japanese urban geographers. Despite the proliferation of megalopolis in today's rapidly urbanizing world, however, the Atlantic Seaboard of North America is distinguished from any other megalopolis in the essential feature that is attributed to its unique location as "the continent's economic hinge" linking overseas venture and inland development of a vast frontier. Gottmann insightfully elaborated this point by showing how maritime activities and continental development were intimately linked, the two growths reacting on one another and spurring each other on, both contributing to the growth and enrichment of the seaboard cities (GOTTMANN, 1961).

According to the model presented by Gottmann, the Northeastern Seaboard has grown into Megalopolis by oscillating its economic hinge between maritime enterprise and inland development as it has undergone several phases of development (table 1). The basic mechanism and oscillations of the hinge have worked synergistically in transforming the northern and middle colonies of North America from a frontier of Europe to a semiperiphery, and finally to an indispensable core of the world system. Gottmann argues that the capital accumulated

in Megalopolis through foreign trade and maritime ventures has enabled the urban centers of Megalopolis to control resources in the frontiers and expand their influence westward. No doubt Gottmann's great insight has enabled us to understand the processes and complexities by which the consolidation of the whole region has been brought about. However, the question of how the expansion of Megalopolis has affected frontier economies has not been fully dealt with in the study of Megalopolis, which naturally focuses on urban phenomena. However, it becomes evident that if the expansion of Megalopolis is examined from the perspective of frontiers, it presents a whole different picture of regional development.

The regional development of Appalachia, the first western frontier of the North American continent, well illustrates how the growth of Megalopolis has been interlocked with the deepening of economic dependency in frontiers. The mountainous region lies to the southwest of the Mohawk-Hudson valley lowland, extending some 1,712 km from the edge of the Catskill Mountains in New York State to the coastal plain of north-central Mississippi (fig. 1). Due to the geographic and geopolitical location of this area, it has always been susceptible to exploitation by land speculators, capitalists and firms. The region is rich in natural resources yet it has suffered a chronic depression through a successive wave of extractive activities upon the resources. Among the rich natural resources, forests and coal were by far the most significant resources to be exploited in early days.

The integration of Appalachia with the expansive orbit of Megalopolis has restructured the region in all aspects of regional life. Dunaway's empirical study (1996) shows how the integration of antebellum Southern Appalachia with the world system restructured the region at five levels for the period from 1700 to 1860, up to Phase V in Gottmann's model. As discussed in the following section of this paper, the historical processes of restructuring are clearly imprinted in the present state of Appalachia, which structurally impedes the region in its struggle to achieve a sustainable development (fig. 2).

Table 1
Shift of emphasis at megalopolis as the continent's economic hinge from the 17th century to 1960

Phase	Emphasized Activities	Major Factors	Noted Function of Megalopolis in Relation to Frontiers
I	Maritime enterprise	Triangular trade	Exporting local resources: fur, timber, fishing, tobacco, grain, flour.
II	Inland development	Increased immigration	Capital investment into land purchases and development of frontiers
III	Maritime expansion	Wars at Europe Expansion of trade to China	Economic supremacy of the Northeast through great maritime profits Westward expansion in the South
IV	Inland development	Industrial Revolution	Race between cities for the trade with the trans-Appalachian regions Improvement in transportation system, i.e., canals and railroads
V	Maritime enterprise	Lowering of tariffs Building fast sailing ships	Inland progress financed by Northeastern seaboard bankers Concentration of national credit and money management in four cities
VI	Inland development	Effect of Civil War Control of railroads	The South's reconstruction financed by the large Northeastern cities Managerial function of Megalopolis confirmed over the whole nation
VII	Maritime enterprise	Two World Wars International Financial Activities	Growing role in international banking Redistribution of functions within Megalopolis Decentralization from Megalopolis

Note: The periods corresponding to the above phases are as follows: Phase I (until around 1720), Phase II (1720- Revolution, 1783), Phase III (1783-early 1800s), Phase IV (1815-1830s), Phase V (1840-1860), Phase VI (1861-1913), Phase VII (1914-1960).

(Source: Gottmann, 1961, Chapter 3: "The continent's economic hinge", pp. 102-165).

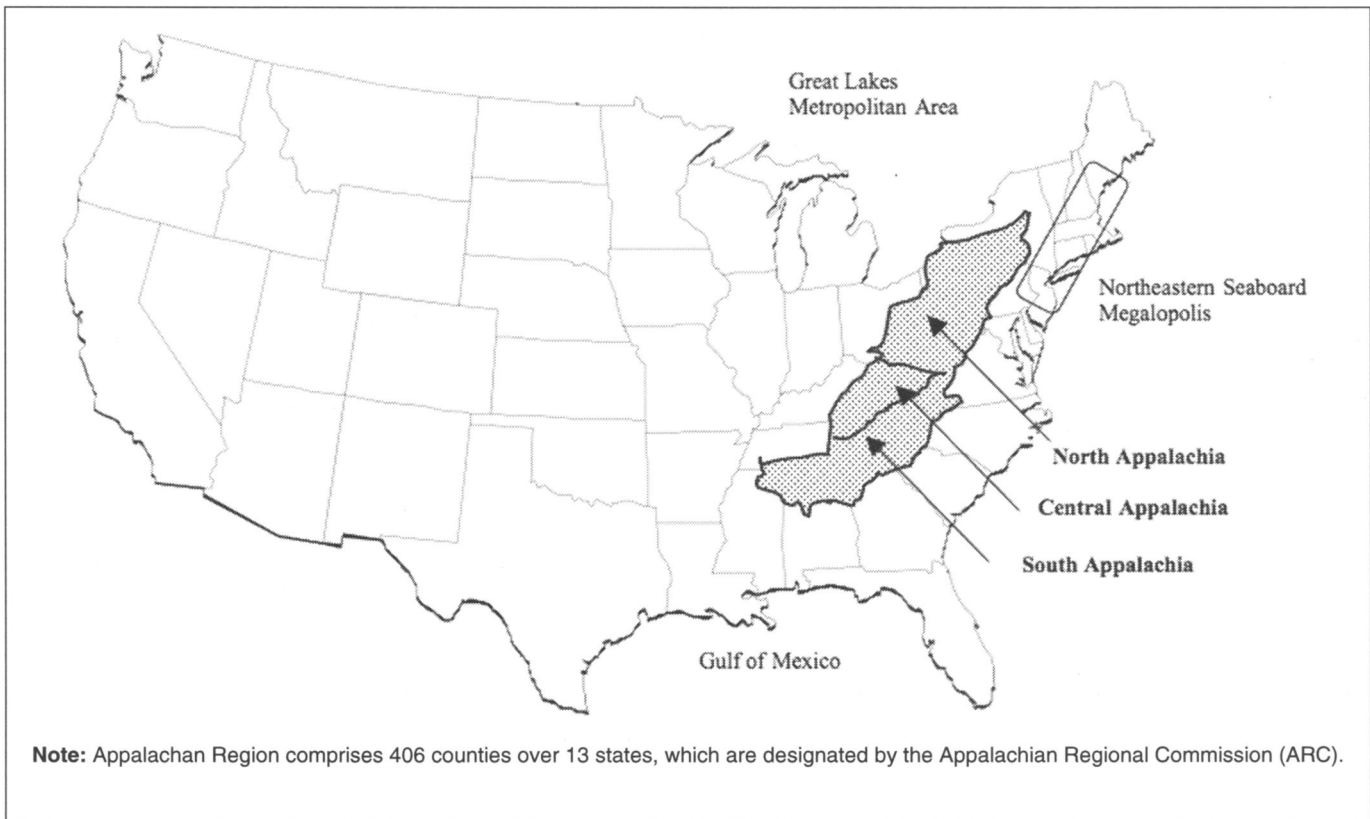


Fig. 1: Megalopolis and its hinterland of Appalachia.

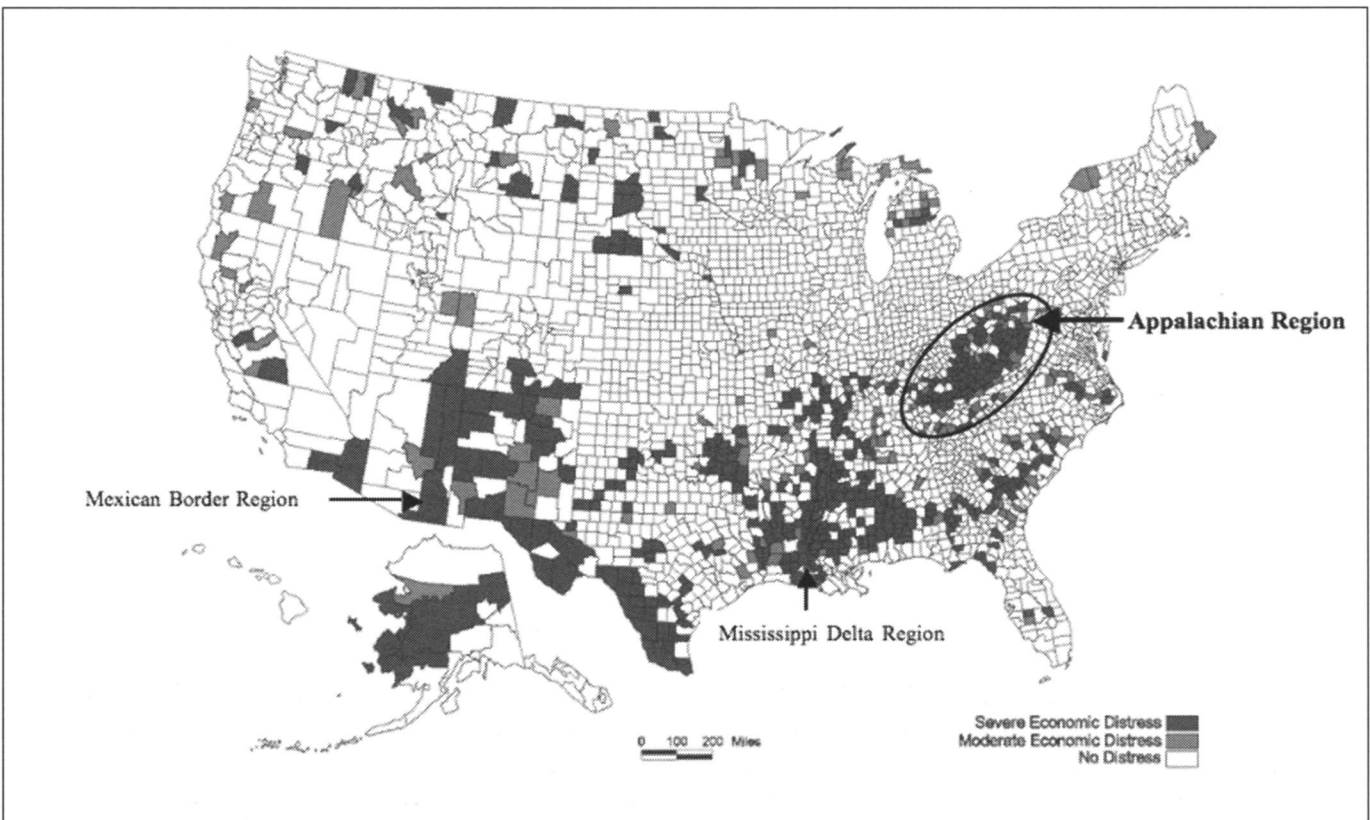


Fig. 2: Distressed counties in the United States. (Source: Based on 1999 Appalachian Regional Commission Data).

Structural impediments to sustainable development in the study region

As a result of the integration of Appalachia with the capitalist economy of Megalopolis, the region faces structural problems that have hindered development endeavors. The problems are found in all the economic, social and political arenas.

- First, the structural distortion is clearly seen in the economic sphere of production means, particularly in land ownership patterns. Through the above-mentioned historical process of transforming land to marketable commodities, the resource is concentrated in relatively few individuals or firms, particularly absentee and corporate holders; the majority of local families have limited access to lands and minerals (APPALACHIAN LAND OWNERSHIP TASK FORCE, 1983). The limited scope of the economic base in Appalachia is attributed to the monopolistic land ownership patterns.

- Secondly, the region is socially distorted as there is a considerable gap between the haves and the have-nots. Accounts of the existence of a clear-cut division within a society abound in previous studies of rural communities, particularly in the most impoverished region of Central Appalachia (DUNCAN, 1999, BILLINGS and BLEE, 2000). Figure 3 illustrates local residents' view of the prevailing social structure of Appalachian communities.

tine county-level politics (BILLINGS and BLEE, 2000). As a result, getting a job depends generally on several factors that are not meritocratic but nepotistic in nature: that is, family background, voting patterns favorable for corporate candidates, connections with those in power. In this way, local politics in the study region is based on a hierarchy of power with the social stratification that divides the local elite as decision makers and non-elite deprived of access to the decision-making process.

- Furthermore, it is important to understand the mechanism by which the structural distortions have been perpetuated in the region over a long period of time to the extent that local residents adversely affected by the distortions feel powerless to change the situation. Gaventa (1980) is one of the first regional scholars who have presented a theoretical interpretation of the complex mechanism that perpetuated the power structure of Appalachian society. He articulated the three dimensions of power and powerlessness interrelating with each other and thus re-enforcing the strength of the other dimensions. Once such power relationships are established, the mechanism begins propelling itself with little explicit effort to be made by those in power to prevent the powerless from contesting the power relationships; it requires much greater effort for those deprived of power to alter the situation. The sense of fatalism at the most advanced dimension is found to be still prevailing among the low-income families in an Appalachia low-income community (DUNCAN, 1999).

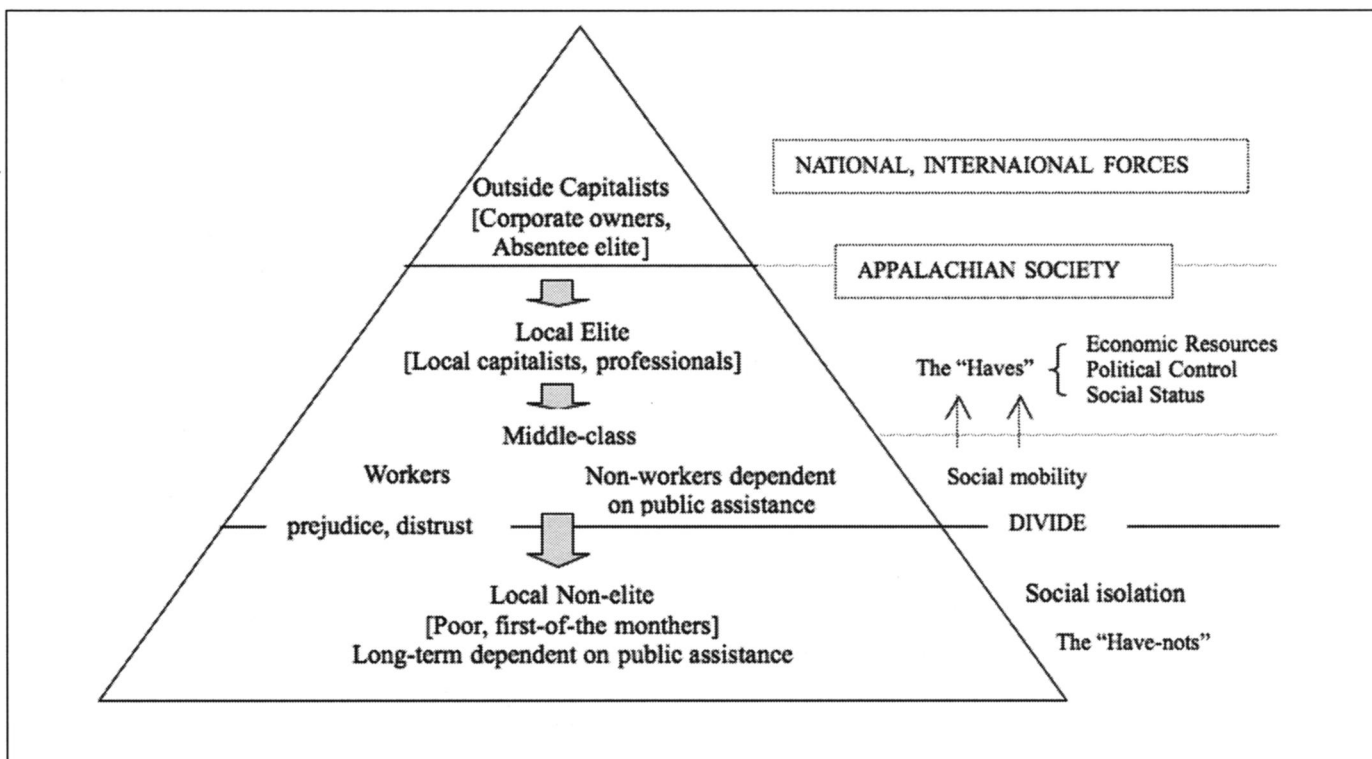


Fig. 3: A schematic view of the Appalachian social structure held by local non-elites.

- Thirdly, the distortion is evident in the political sphere, particularly in the form of "nepotism." It is because the political structure of Appalachia is based on control over scarce resources and opportunity; the region is so limited in opportunity for steady work and income that control over jobs determines one's wealth and power. The relationships among neighbors and kin form a "core resource for network formation" in the rou-

Regional development endeavors in the past and their limitations

In the past years the major regional development endeavors in the study region were made at two different levels:

- one was at the level of federal government, often allied with

local organizations that are coordinated and “co-opted” for certain political agenda, whereas

- the other was at the grassroots level, usually driven by community-based organizations, whose members consisted of vocal protesters, activists and concerned local residents.

Up to the late 1980s, there had been much dissonance between these two levels of development initiatives, which is attributed to the difference in their understandings of where the fundamental problems of the region reside and what means should be taken to strike down the impediments to development. Therefore, it is crucial to understand what courses of action had been taken at each level of a development initiative before inquiring into the new trend of synthesis that has emerged since the late 1980s under the umbrella concept of “sustainable development.”

At the government level of development initiatives in the study region, it is the Appalachian Regional Commission (ARC) that has made long-lasting development endeavors since its inception in 1965. Due to the geographic characteristics of isolated highlands, the primary concern of the ARC was two-fold, i.e. how to get internally integrated, and also how to obtain better access to local growth poles, growth centers and the core. Hence, the focus of development was primarily on the development of an extensive highway system within the region that was to be well connected to the main interstate highways beyond the region. However, it should be pointed out that the ARC program has in fact transformed itself at three stages:

- the first stage (1965 to 1975),
- the second stage (1975 to 1980), and
- the third stage (1980 to today).

It was at the initial stage that the construction of the Appalachian Development Highway dominated its development agenda. As it proceeded into the second stage, however, the agency began adjusting its programs to meet other needs of the region as well. The primary concept governing the ARC development at this stage became “growth with equity,” that is, human issues being strongly focused in development efforts. The ARC at this stage worked best at the height of its potential power. This is why the ARC development program, despite the emphasis on building infrastructures, is classified more appropriately as “local development type,” rather than “resource development type” such as the federal program implemented by the Tennessee Valley Authority (TVA). Furthermore, since the 1980s, the program has shifted the emphasis of major development on to the development of distressed counties and increasingly employed human-based measures by directly providing resources to the individuals in need. At this stage, then, the ARC development can be considered to have entered the stage of sustainable development with eradication of poverty being the first priority on its policy agenda. As for the assessment of ARC programs, there are two very opposed views of what and how much the ARC has achieved in its prolonged existence. In general, advocates for more broad-based development approaches criticize the ARC for adopting growth center-oriented development strategies, which they consider as further cementing the present core-peripheral structure and not altering the structural distortions. In fact, it is at the grassroots level of development initiatives that such issues have been challenged and tackled.

Development initiatives at the grassroots level have grown into a significant countervailing power in Appalachia. In a detailed analysis of local initiatives by the author elsewhere (FUTAGAMI, 2002), four major epochs are identified for the development of grassroots organizing, at each of which the local initiative took a different configuration of social movement for a varying cause. In connection with the present discussion,

it is the “structural reform approach” at the third stage from the late 1970s to 1980s, with which grassroots organizations for the first time tackled the fundamental problem of structural impediments on a region-wide scale. According to Gaventa’s model of quiescence and rebellion, it had been considered to be very unlikely for an open conflict type of challenge to lead to any substantial and broad-based movement when obstacles were still firmly set within the social system to prevent any challenge from surfacing. In fact it was a natural disaster that created a situation of crisis, under which local residents came to face the resource-less reality of their livings, only realizing how much they were deprived of natural resources in the very places where they live. In other words, the unordinary situation of crisis helped to bring back the consciousness of inequality that had been latently embedded in the system, preventing it from surfacing and materializing as an issue to act upon. This stage witnessed the first-time grassroots organizing involving a broad range of grassroots organizations as well as local residents. The movement at this stage lasted for about a decade, probably not long enough to fully institutionalize the outcomes of the movement.

A review of grassroots movement at this stage clearly shows the potentials as well as the limitations of development initiatives at the grassroots level. The key organization to lead the movement at this stage was the Appalachian Alliance. It was formed in 1977 to deal with the aftermath of the severe flooding on West Virginia’s Tug River. Upon the formation of a regional alliance, grassroots organizing in Appalachia began picking up great momentum. The Alliance succeeded in mobilizing many grassroots groups as well as a great number of local residents throughout the region, from Pennsylvania to Georgia. The initial objective of the movement was to bring up the issue of monopolistic land ownership on the political arena. The immediate cause of forming the Alliance was government failure to respond to the needs of an estimated 20,000 people, who had lost their houses in the massive flooding throughout the Central Appalachian coal region; the local government refused to seize corporate land for the purpose of providing the victims with alternative home sites. Angered at the lack of available land despite the vast land and rich natural resources of the region, citizens and activists together issued a call for a region-wide study and action focused on the very issue of land ownership distribution. Although centering on the land issue, the Alliance quickly broadened the scope of their issues, including needs for human services, environmental problems, unfair taxation, and government accountability. However, it proved later that the openness to a wider range of issues made it difficult for the Alliance to prioritize and act on an agenda.

Among the many projects the Alliance initiated in its ten-year history, the Appalachian Land Ownership Study is considered to be the landmark of grassroots organizing through the empowerment of community organizations and their leaders. A strong coalition emerged among a number of grassroots organizations, receiving project-based grants from the Ford Foundation in the private sector and the Appalachian Regional Commission in the government sector (fig. 4). As for regional-level support, the Highlander Center and the Commission on Religion in Appalachia (CORA) backed up the Alliance as region-based intermediary organizations, channeling foundation funds to the Alliance. As discussed above, the findings of the study disclosed the prevalence of absentee landownership patterns throughout the region: people living outside the counties owned 72 percent of the property surveyed. The study has had a substantial impact on grassroots organizing initiatives. In response to a call to action that would alter both the land ownership patterns and their impacts, a number of organizations that had participated in the study formed new organizations to tackle the fundamental problems of the region with

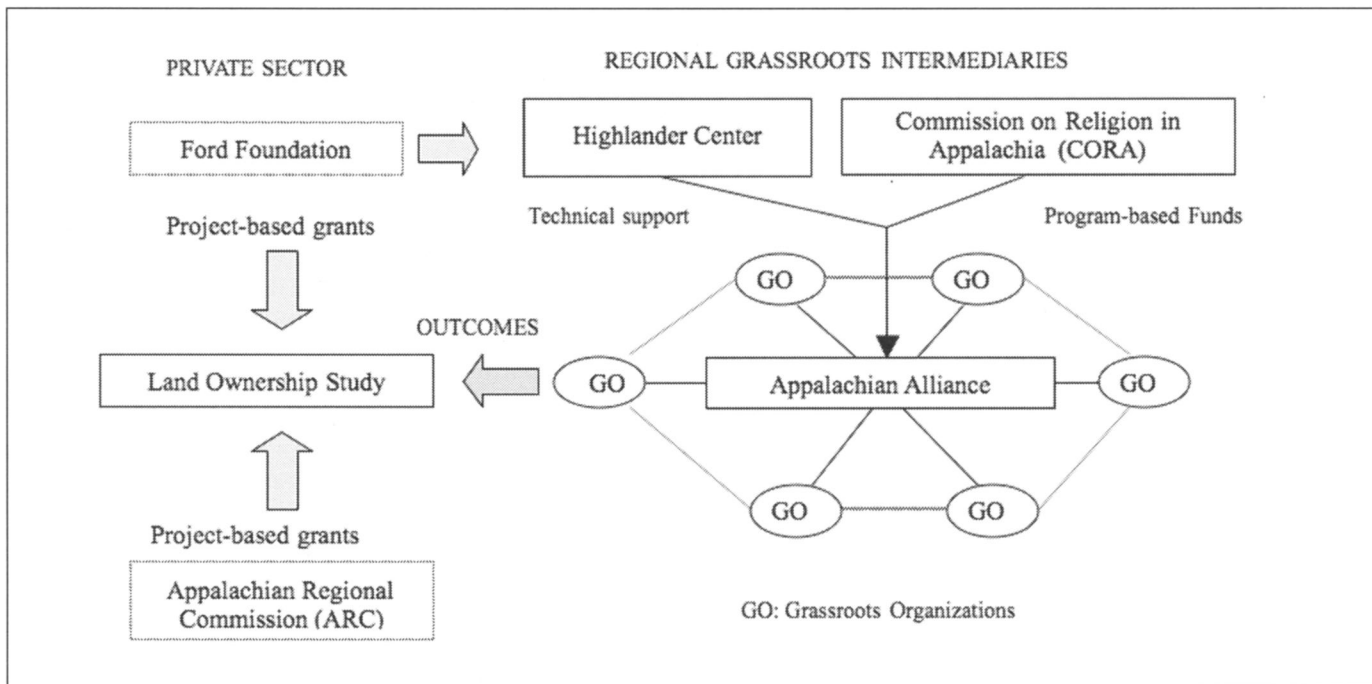


Fig. 4: A network of grassroots organizing through the Appalachian Alliance.

full strength and solid information.

The movement led by the Alliance has been highly assessed, particularly for the achievement of the land ownership study as a participatory action research. In the process of engaging in the land survey that covered over 80 counties, organizational and human networks have developed throughout the region, which has laid the foundation for further expansion of grassroots organizing. At the same time, the Alliance's movement demonstrated some weaknesses that are inherent in such a coalition type of organizing. The coalition continued to grow through the 1980s, attracting more than 30 member groups with a broad range of interests. After the remarkable success of the land ownership study, the Alliance found it difficult to form a cohesive new project due to a crisis of member autonomy in addition to competition among its members and between it and some of its members. Since the Alliance was put to rest in 1987, a region-wide grassroots movement on such a grand scale has never taken place again. Instead, grassroots organizations have become more active in formulating specific issues and acting upon them with clear-cut directions and tactics. Such efforts have materialized to bring forth substantive outcrops to their targeted communities and the Appalachian region as a whole; the current generation of issues-based organizing movements has opened up a new dimension of local initiative. Since the 1980s the region has witnessed an outburst of grassroots organizing around multiple issues among membership-run organizations, which have developed a rich web of horizontal and vertical relations with other local and national organizations.

In fact, development initiatives at the grassroots level contributed to the region in three fundamental ways; that is, causing changes in resource, norm, or organizing. Resource is a collective concept consisting of human resource (e.g. labor, knowledge), physical resource (e.g., land, water), economic resource (e.g., monetary capital, credit), and social resource (e.g., trust and bondage as social capital). Norm governs how those resources should be organized, and what quantity and quality of changes should be brought into the targeted community or region. Each culture has developed its own mecha-

nism of implanting norms among the members of a community through myth, value system, and ideology.

Within this context of development, grassroots organizations could perform three types of function as mediating structures to enhance the development of their community:

- First, they could affect the norm itself, often by advocating for norms for development alternative to the existing ones.
- Second, they could enhance the capacity of those various types of resources, for example by supplying goods or means to interest groups so as to improve the production of the local economy.
- Third, they could strengthen the capacity of organizing, for example by providing local organizations with some technical and managerial assistance.

In sum, a review of development endeavors at the government and grassroots levels demonstrates the point that each type of development initiative alone is not sufficient to alter the situation of the most poverty-stricken communities in the first western frontier of the expanding American economy. The experiences of major government programs such as ARC programs demonstrate that those development organizations have adopted the bureaucratic type of social system that has enabled them to carry out federally designed programs in regional settings. Consequently, their front-line organizations are of the rational type such as cooperatives supplying commodities or production means to their members, or lower-tier governing agencies that are supposed to identify the needs of local residents yet often lack linkages with real stakeholders. The bureaucratic system has often led to the situation of "government failures," in which resources tend to be either distributed too thinly over numerous areas to bring about any significant effect or in which the distribution of resources reflects the power structure of local society, thus contributing to maintaining the status quo. With such government investment and incentives, private firms were lured to relocate their factories into those rural areas. Although this has brought about economic growth by certain degrees, the outcomes of development were not evenly distributed in spatial and social terms and the progress of the regional economy as a whole cost the

region environmental destruction as the trade-off of economic growth. Hence, the situation of “market failures” was evident in these cases, as private for-profit enterprises as well as growth-oriented development agencies have caused so-called “free-rider” problems by neglecting to pay a fair share of the cost of protecting public goods.

Moreover, it has become clear that although the private non-profit sector has become expected to play a more vital role in regional development than ever before, it cannot replace the roles played by the government sector or the for-profit sector. As shown in the case of many Appalachian impoverished communities with limited social capital, nonprofit grassroots organizations alone are not able to mobilize resources sufficiently and effectively enough to bring up the volume of production at the local level while advocating the needs of local residents through the initiative of organizing community. The “nonprofit failure” refers to such inherent limitations of nonprofit organizations, particularly the financial and managerial aspects of their operation.

Therefore, any operation pursued by a single sector without paying due regard to its impacts on other aspects of development is doomed to end with some type of “failure,” sooner or later. That is why development through partnership among diverse sectors of a society has drawn increasing attention as an alternative model for developing impoverished communities in rural areas as well as neighborhoods in inner cities. Namely, an alliance needs to be formed among diverse sectors, and their collaborative efforts have to be synthesized through a mechanism of an alternative social system in order to achieve sustainable regional development. A new trend of synthesizing government and local community initiatives has emerged, which will be discussed in the remaining section in more detail.

Underlying issues in sustainable regional development

The concept of sustainable development is essentially concerned with three realms of generating mechanism (fig. 5):

- production of goods and wealth;
- reproduction of human beings; and,
- regeneration of the natural environment.

The span of the producing, reproducing or regenerating cycle differs significantly among these three components; a short-term perspective tends to govern the production mechanism of goods and wealth whereas a medium-term perspective (i.e. a generation) and a long-term perspective need to be adopted in dealing with the reproduction of human beings and with the regeneration of the natural environment, respectively. Consequently, unless the three spheres are mediated and balanced against each other, the short-term economic development for the production of goods and wealth, for example, inevitably leads to the overexploitation of resources in the human and physical spheres. Norms need to be established to govern the way these three realms of concern are balanced with each other. In other words, the norms that are compatible with the concept of sustainable development have to be institutionalized by means of legislation.

Since the 1990s, beyond the dichotomy of government intervention and grassroots advocacy, there has emerged a new trend of synthesizing various aspects of development into collaborative and comprehensive initiatives. Out of such initiatives, alternative social systems have been sought and constructed, most noticeably in the realm of local community development. Figure 6 shows the multifaceted dimensions of current movements for constructing alternative social systems

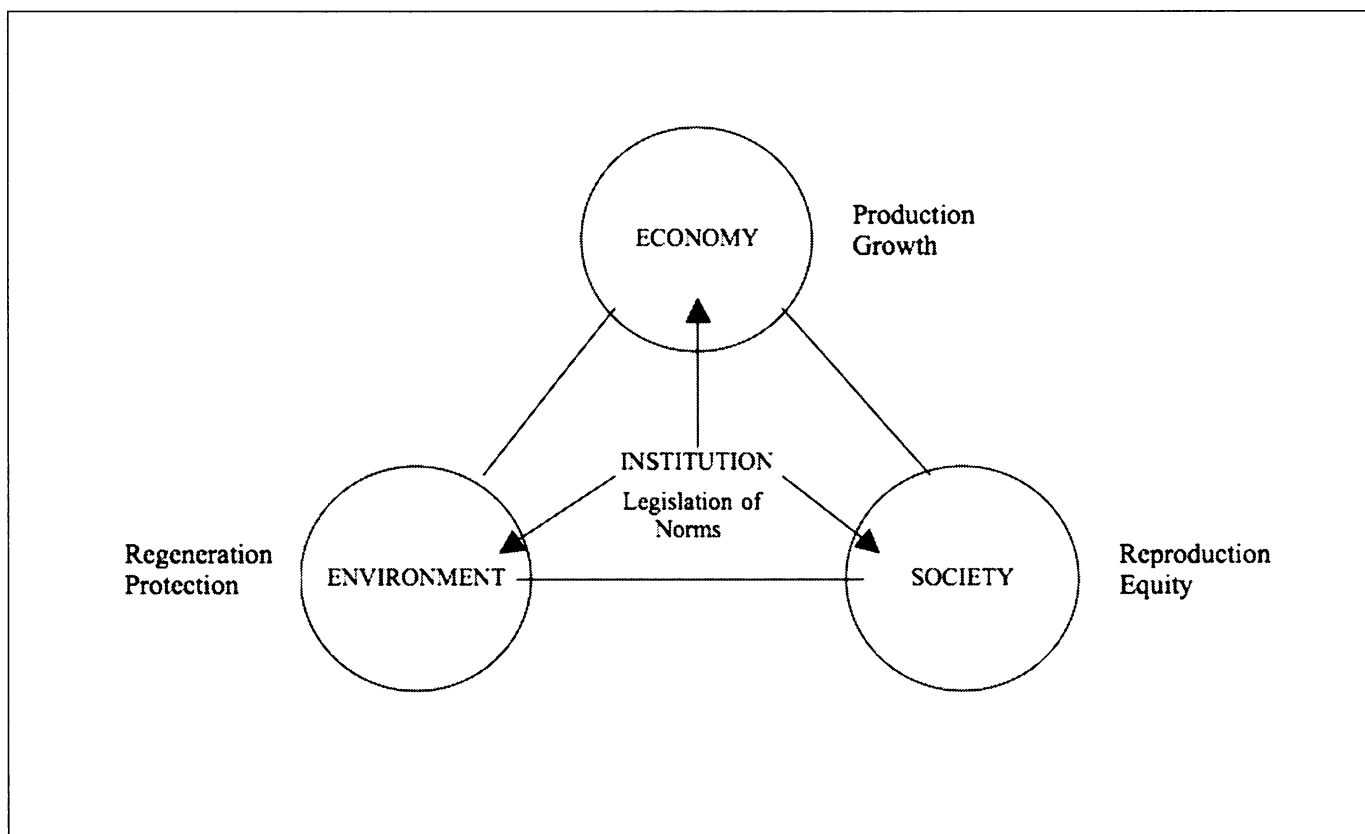


Fig. 5: Three realms of concern and the institution to govern development norms.

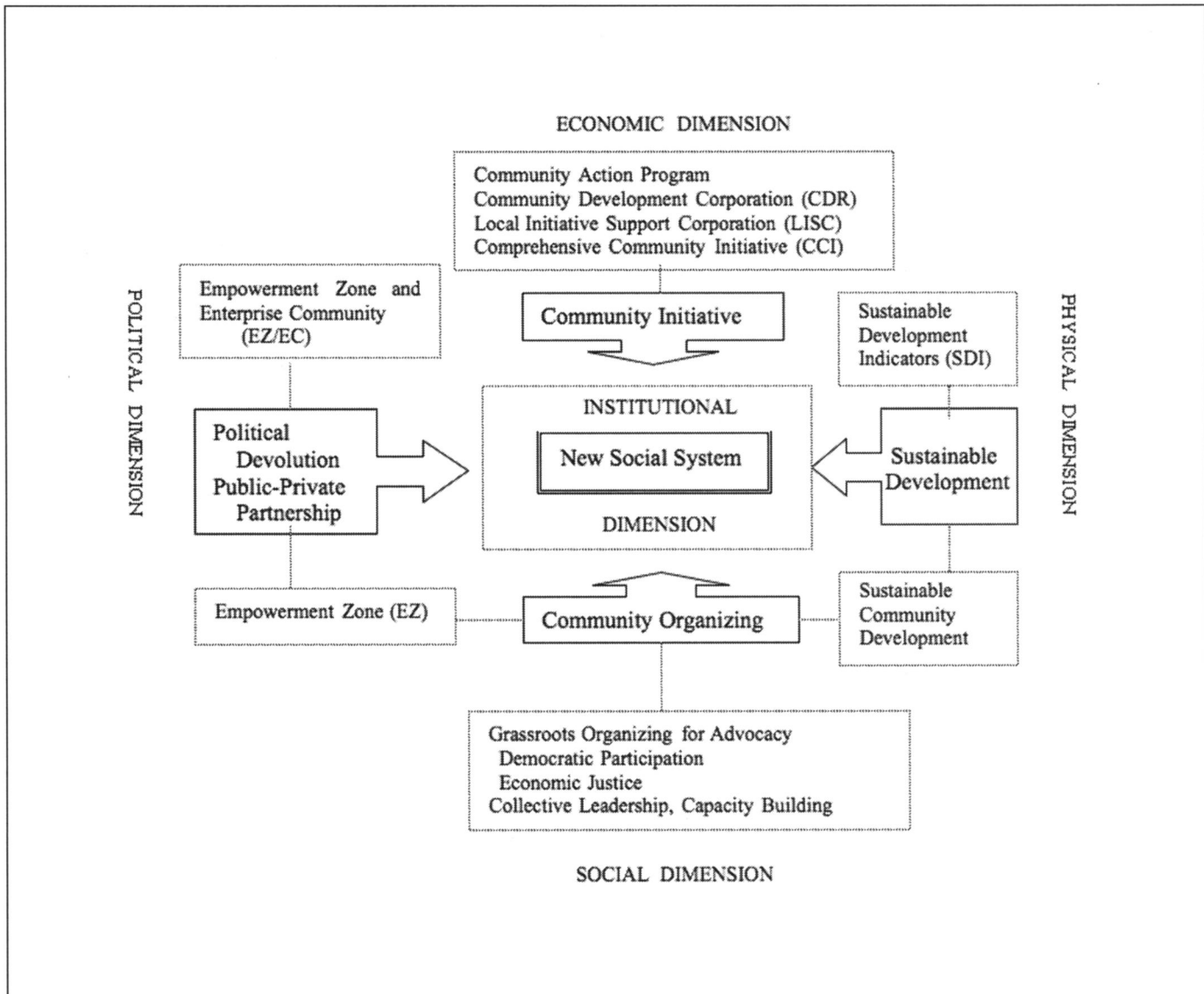


Fig. 6: Multifaceted dimensions of current movements for creating a new social system.

in the United States, which may be grouped into four major movements, i.e. community initiative, community organizing, political devolution, and sustainable development. It is the synergy of these movements that has become a substantive force in revitalizing impoverished communities in urban and rural areas.

Although all these efforts have come to materialize in a synergistic way since the 1990s with their current practices overlapping with each other to a great extent, they differ fundamentally in terms of theoretical orientation as well as operational mechanism. As figure 6 shows, each type of movement has emphasized a particular dimension of social system more than other dimensions, depending on the roles, tools, and rules conventionally assigned to each type of leading institution for carrying out the core mission. Although what characterizes the current movement is the convergence and cross-over among these different types of institutions, it is crucial to understand what each type of movement has achieved and what areas still need to be developed. Hence, in the following section, the current movements for sustainable development will be examined at each dimension.

Economic dimension: Movement of community initiative

The movement of community initiative presents some model cases for demonstrating how interaction among subsystems can serve "functional prerequisites" of social systems, with the function of *adaptation* served the most successfully. In those cases, the mechanism of *economy* has worked well with intermediary organizations playing a vital role in mobilizing resources from diverse sources for attaining public goals. The movement of community initiative in the present context refers to the latest generation of the neighborhood-based development endeavors that had its origins in the war on poverty and the civil rights movement in the 1960s. For the last 30 years, the movement has grown into the Community Development Corporation (CDC) movement, first in urban centers, and later and gradually permeated into rural areas.

Starting in the early 1980s, the capacity of CDCs became strengthened and the rate of growth in the number of CDCs increased dramatically; this has been primarily due to the central role played by the large national financial intermediaries

such as the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, and the Neighborhood Reinvestment Corporation. Furthermore, since the late 1980s and early 1990s, a new generation of “comprehensive community initiatives” (CCIs) has been funded. Supported in large part by private foundations, the initiatives aim to reform human service and collateral systems in geographically bounded communities. Although the community initiative movement has evolved by adopting various models of community development, what underlies the whole movement is the principle of making capitalism work in poor communities; the private sector has played the primary role in mobilizing resources. And it is the role of intermediary organizations that pool abundant capital from the private sector into a financial package, which is transferred to community development organizations at the local level (figs. 7 and 8).

In addition to the systematic support of community initiatives, public policies have helped to enforce the capacity of CDCs. The Housing and Community Development Act of 1974 has established the Community Development Block

Grant, which has functioned as a significant government subsidy to CDCs. Furthermore, the Community Reinvestment Act (CRA) of 1977 has made it a rule for financial corporations to make a fair contribution to the communities where they operate through a set amount of investment. Furthermore, the Low Income Housing Tax Credit (LIHTC) Act of 1986 has provided tax benefits to private investors for the development of low-income housing. This has enabled such intermediaries as LISC to pool capital from the private sector through its subsidiary, the National Equity Fund (NEF), which is the nation’s largest nonprofit syndicator of low-income housing tax credits.

Here the focus is on the community development initiatives that have emerged in rural areas in general and the key organizations driving the initiatives in the study region in particular. Although the CDC movement is a widespread social phenomenon throughout the nation, researchers have focused mainly on the role of CDCs serving inner city residents in urban areas; little has been discussed as regards the role of CDCs in rural areas. Most importantly, rural CDCs differ from their urban counterparts in terms of capacity for attaining goals of

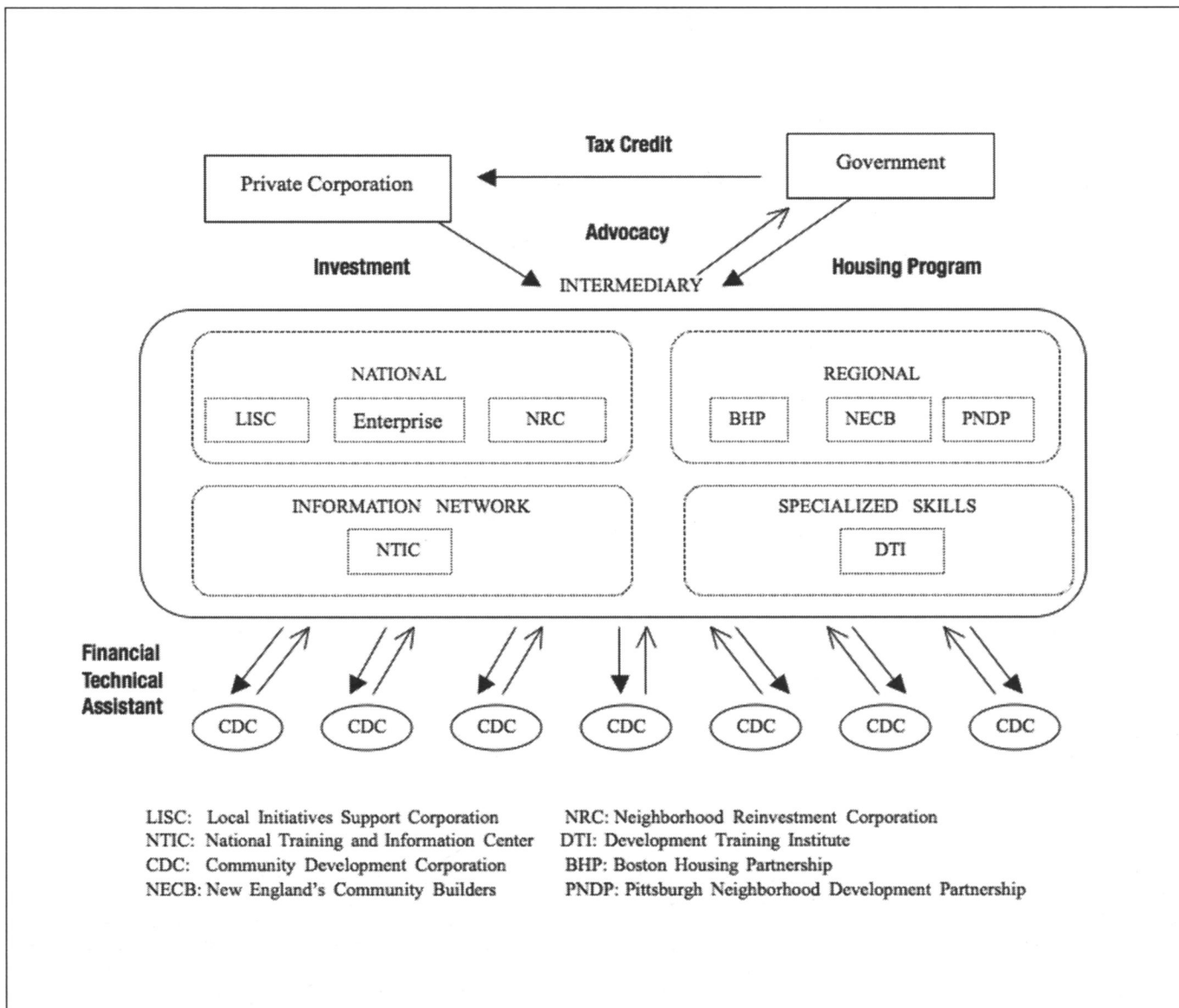


Fig. 7: Interaction among sectors in community initiative, and the role of intermediaries.

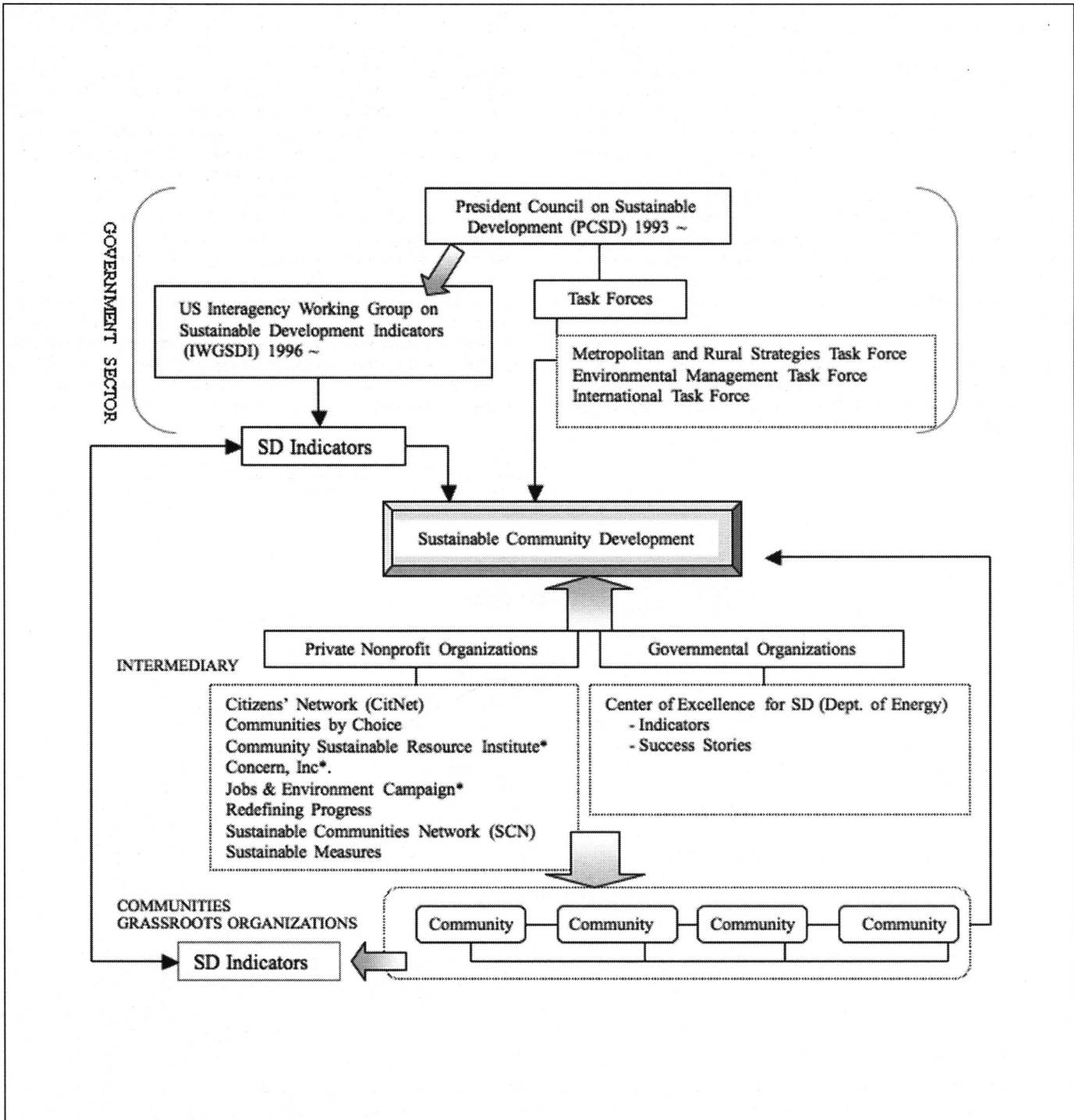


Fig. 8: Formulating sustainable development indicators and constructing sustainable community development across governmental and nongovernmental sectors. Note: the private nonprofit intermediaries with asterisks have served for the President's Council on SD as consulting organizations to provide information.

community development. And the social system for supporting rural CDCs is not as firmly established as in the case of urban CDCs.

The Urban Institute estimates that there are 1,700 rural community developers, accounting for some 48 percent of the 3,600 community-based developers nationwide. The first comprehensive survey of rural community developers was conducted in 1998, as part of the National Congress for

Community Economic Development (NCCED) Fourth Census. The "Stand Up for Rural America" survey, as it was called, drew 1,079 responses from rural community developers. Rural CDCs have become incorporated more recently than their urban counterparts. The median year of incorporation for rural community-based development organizations is 1989 whereas it was during the 1970s that urban CDCs grew rapidly. Furthermore, overall support for rural development has been

way below the sufficient level. The rural community development industry receives less support from almost all sources of financial support, apart from the U.S. Department of Agriculture, than does its urban counterpart (table 2). Its opportunities for earned income are considerably smaller, and its access to credit and capital is far below its potential for generating positive returns. In other words, community developers serving rural communities exclusively receive less support from fewer sources of funding in comparison with their urban counterparts serving cities and the adjacent areas; there exists a wide gap in support structure between rural and urban development organizations.

As for the intermediary supporting system of rural CDCs, consolidating rural community-building initiatives on a national scale had lagged behind until recent years. At last in 1994, the above-mentioned Local Initiatives Support Corporation (LISC) began to include rural CDCs as part of its network. The Rural LISC was established in the following year with three basic missions. The launching of national intermediaries such as LISC into the rural development industry symbolizes the dawning of a new phase for rural America, the area which had thus far received less attention than their urban counterparts from public policy makers, planners, practitioners, and above all,

private developers and investors. Not only in the private non-profit sector, changes seem to emerge in the government sector as well. One such change is the creation of USDA Rural Development in 1994, which is an outcome of various USDA agencies being forged into a new mission area. In attempting to reverse the downward spiral of job losses, out-migration and diminishing services in less competitive nonmetropolitan areas, USDA Rural Development is forging new partnerships with rural communities, funding projects that bring housing, community facilities, utilities and other services, and providing technical assistance and financial backing for rural businesses and cooperatives to create quality jobs in rural areas. However, from the experiences of urban community development, it should be pointed out that there is some degree of uncertainty about whether or not such categorical project-oriented types of investment can have any significant effect on the course of rural development. Namely, what is crucial for reaching the "landing-off" level of regional maturity in the development trajectory is being able or not to construct a social system that could secure a continuous flow of capital from the private sector through the pooling mechanism of financial intermediaries, with sufficient seed capital and running expenditures being provided by the government sector.

Table 2
Proportions of rural and urban community developers by sources of support

Sources*	Rural**	Mixed***	Urban
Private	(%)	(%)	(%)
Banks	29	49	49
Corporations	12	25	35
Foundations	32	44	52
Intermediaries	20	29	42
Religious Institutions	16	22	22
United Way	12	14	13
Earned Income			
Developer Fees	17	32	40
LIHTC Fees	16	25	26
Project Packaging Fees	6	9	5
Service Fees	11	18	14
Public			
USDA (All Programs)	28	22	1
US HHS (CSBG)	20	12	3
US HUD (All Programs)	59	NA	81
US Treasury Dept. (CDFI)	2	NA	1
SBA Microloans	3	7	2
State Government	39	46	37
Local Government	19	35	26

Notes:

* Sources providing \$50,000, or more, in support over the four-year period 1994 through 1997.

** Community developers serving rural areas only.

*** Mixed rural and urban communities where only part of the community lies outside of metropolitan area having a city of 50,000 or more.

NA: not available.

(Sources: Rural LISC; Rural Developments 4, September/Fall 1999, p. 17).

Physical dimension: Sustainable community development movement

Another significant force for reconstructing a new social system is the global and national movement of sustainable community development. While the community development initiative has contributed the most to strengthening the economic dimension of fortifying a social system, the movement of sustainable development demands that the new system should be reconstructed so as to enable a balanced development between environment (i.e. ecological soundness and quality of life) and economic growth. Increasingly discussed in recent years are the benchmarks and indicators that can monitor the course of development and assess the alternative development that is environmentally sound and effectual for the enhancement of social equity. The current movement of formulating "sustainable community development indicators (SCDI)" has been taking place at multiple levels and sectors.

Sustainability requires multidimensional indicators that show the links between the community's economy, the environment, and society. Hence, sustainable indicators are designed to reflect the reality that the three different segments are very tightly interconnected. In accordance with the movement of formulating the frameworks for sustainable development indicators by the leading international and national agencies, over 200 communities around the nation have developed sets of indicators that help them foresee long-term trends of the economic, environmental, and social well-being of their communities. Consequently, there have emerged some private non-

profit organizations that serve the function of clearing house for providing communities with up-to-date information and encouraging communication among them (fig. 8).

As for constructing sustainable community development, five basic concepts of sustainable development are commonly integrated into locally applicable operations. That is, sustainable communities adopt "a long-term perspective" for decision making that is "participatory and transparent." With the recognition of the "interdependence" of economic, environmental, and social well-being, they solve problems with a "proactive prevention" approach. Furthermore, they promote "equity" between generations and among different groups in society.

The Metropolitan and Rural Strategies Task Force of the President's Council on Sustainable Development is a leading advocate in the government sector for sustainable community development. As to how sustainable community initiatives have worked in practice, the task force has presented case studies throughout the nation at three levels; that is, municipality level, organizational (or programmatic) level, and state level. A review of their case studies demonstrates that sustainable community development initiatives inevitably involve community organizing. Unlike conventional development schemes, which were focused first on built capital, then on human capital and natural capital, sustainable community development emphasizes the social capital of community, that is, connections (i.e. bonding and bridging) across sectors and levels (fig. 9). In other words, sustainable community development aims at enhancing the social capital as much as other types of community capital. That is why sustainable development is con-

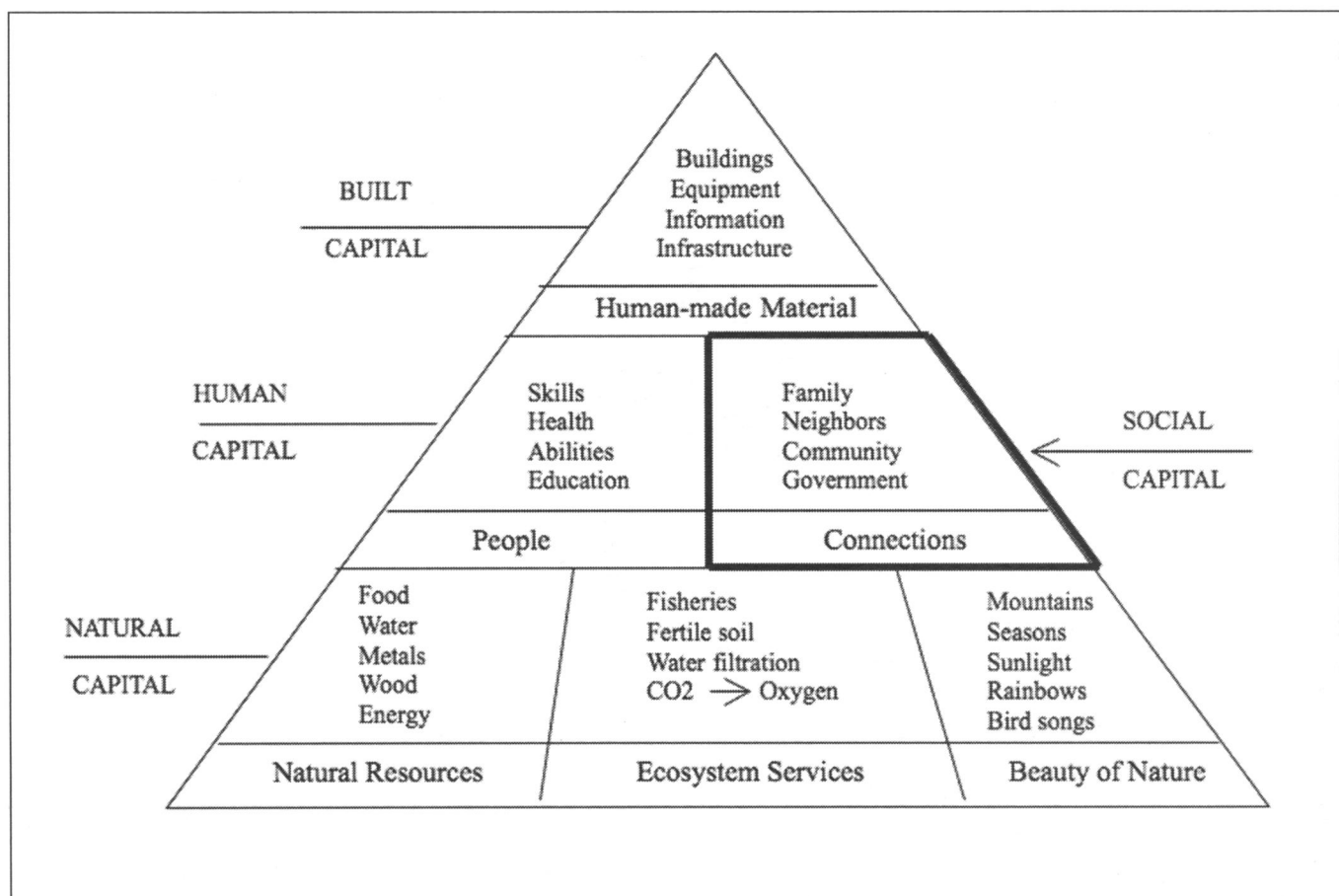


Fig. 9: Four types of community capital: built capital, human capital, natural capital, and social capital. (Source: Hart Environmental Data, Inc. (renamed Sustainable Measures, Inc.), a diagram of community capital, partly modified to emphasize social capital among the four types of capital).

cerned with not only the physical dimension (i.e. the SDI movement) but also the social dimension of community development (i.e. community organizing). Case studies of sustainable community development have been increasingly conducted from the perspective of social capital, i.e. multiple linkages among numerous participants in community building. In fact, the questions of social capital and sustainable community development are twofold. The first question is as to how sustainable community development has activated community organizing (i.e. bonding) and networking (i.e. bridging), thus increasing the social capital of targeted communities. Then, the next question is as to how community organizing in turn has affected the social dimensions of community development. In other words, the critical questions are addressed as to what function the community organizing movement has performed and to what extent social equity has been achieved through the initiatives. Here, only a brief discussion is made as to the current trend of community organizing in the study region in relation to the above-mentioned sustainable community development movement. The analysis of case studies should take up these questions in fuller scale and scope.

Social dimension: Movement of community organizing

The social dimensions of community development are essentially concerned with the relationships and/or connections between individuals, households, organizations, or sectors. As regards the relationships between development organizations, there are two distinctive types that are most contrary to each other in terms of flow of directions, information, assistance, capital, support, or other types of services or products (fig. 10). Recent community development has contributed to building the networking type of social system. Social capital is crucial in developing the networking type of social system; it consists of networks and norms that enable participants to act together effectively to pursue shared objectives. It has been pointed out that there are two main types of social capital. One

is "the type that brings closer together people who already know each other," i.e., "bonding capital," and the other is "the type that brings together people or groups who previously did not know each other," i.e. "bridging capital" (GITTEL and VIDAL, 1998). Many impoverished rural communities lack the linkage to the larger metropolitan area opportunity structure, including financial, technical, social, and political resources. In other words, bridging capital is considered to be the "weak tie" to the opportunity structure that has been poorly established and needs to be enhanced through community development efforts. Community organizing has affected social capital by enhancing bonding and/or bridging capital.

Community organizing was once considered to comprise the core element of community development. Despite the crucial role played by community organizing for the advocacy and political causes, community organizing increasingly gave way to the CDC type of real estate development during the 1970s and 1980s throughout the nation. However, in the study region, community organizing as a community development strategy has gained strength and become prevalent, particularly since the previously discussed Appalachian Alliance movement that took place from the late 1970s to early 1980s. However, at the same time, the nature of community organizing has gradually changed from what is called "confrontational organizing" to "consensus organizing" in Gittel and Vidal's terms. By confrontational organizing, they mean the type of organizing that usually involves political confrontation in one way or another, in order to advocate reforming the inequality or other kinds of flaws systematically embedded in the social system itself. The goal of the movement is to change "the system." As the previous discussion demonstrated, the study region has experienced a series of confrontation organizing to reform the system itself since the second stage of the local initiatives movement, with varying degrees of success or failure.

Since the late 1980s, as political devolution proceeded in many areas of public policy, the role of community organizations has increasingly gained importance in facilitating social development at the local level while the role of federal govern-

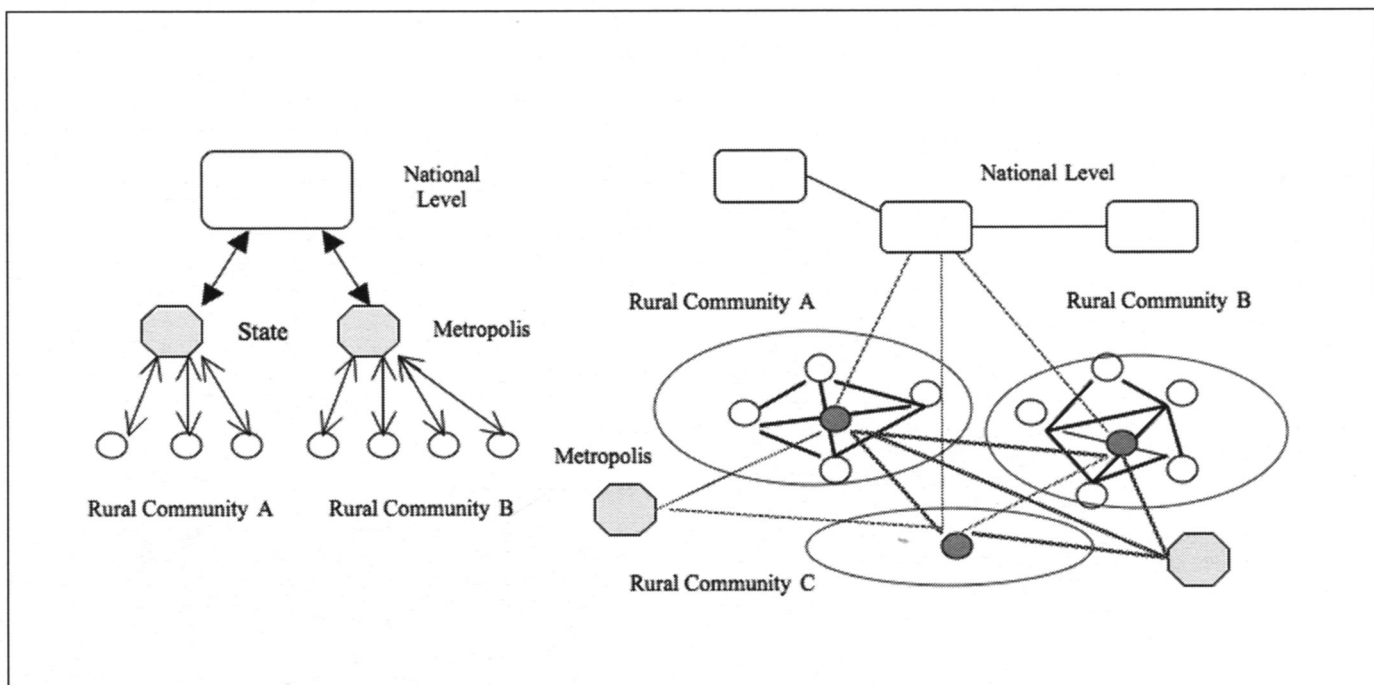


Fig. 10: Relationships among organizations: Hierarchical vs. networking.

ment has changed from a direct doer to an indirect supporter. It is this change of political climate in which the alternative development scheme through public-private partnership has gained popularity and credibility as legitimate and feasible ways of meeting multiple often-contradicting needs at the same time. With the idea of private-public partnership becoming a norm of development, the nature of community organizing as community development strategy has changed. Namely, consensus organizing has become a social phenomenon more prevalent than ever before.

On the other hand, according to Gittel and Vidal, consensus organizing differs fundamentally from confrontational organizing in the sense that it aims at not only strengthening internal ties through the development of neighborhood leadership and community-based organizations but also facilitating mutually beneficial relationships between local community-based organizations and the larger metropolitan-area support community. Consensus organizing has increased in the study region at two levels. At one level, there have emerged renewed interests and interventions by nationally based financial intermediaries (e.g. Rural LISC) and the federal government (e.g. Kentucky Highland Empowerment Zone). On the local side this has meant the emergence of new associations and entrepreneurs with a broader social interest than self-interested groups and individuals. At another level, grassroots organizations themselves have begun extending their connections with the national organizations with which they had not been connected before. Through the newly established channels, the community-based organizations have become better connected with new sources of funding, staffing, and technical assistance.

The increased emphasis on consensus organizing, however, does not necessarily mean the disappearance of confrontational organizing. In fact, the confrontational type of community organizing is still strongly pursued among some leading grassroots advocacy groups and organizers in the study region. Instead, consensus organizing should be envisioned as de facto movement toward achieving practical goals, given the constraints and potentials of the development factors surrounding rural low-income communities. This rationalization for pragmatism has much to do with the political dimension of community development that partly reflects distinctive characteristics of the American federal system. This point is briefly discussed in the following section with particular focus on the rationale for private-public partnerships.

Political dimension: Movement of public-private partnership

Community-based partnerships have become one of the key principles in such newly launched comprehensive community development initiatives as the Empowerment Zone and Enterprise Community (EZ/EC) program. The idea behind the community-based partnerships is that the communities entitled for the 10-year federal EZ/EC funds are required to use the money to secure commitments of additional dollars from state and local government and the private sector. The partnerships to be created through the process of carrying out a strategic plan are envisioned as increasing the degree of coordination and collaboration among public, private, and nonprofit entities in support of zone-improving projects and programs. The concept of public-private partnership emerged in the late 1970s in the United States as a reactive course of political movement against the "big government" thesis undergirding the "Great Society" system that prevailed in American politics in 15 years between 1965 and 1980.

According to John et al. (1996), the American political system has undergone changes in governance type, and there has been a general shift from interest group governance to civic

governance in the arena of public policy. Civic governance functions on the basis of a so-called "shadow community," which crosses over the boundaries of public and private, and nonprofit and for-profit to carry out the public's business in an effective way. New Federalism and devolution are the attempt to shift the American form of governance from interest group governance to civic governance.

As is evident from the analysis of sustainable development initiatives at four dimensions of the social system, the concept of sustainable development has dramatically changed our approaches to development issues. It has become clear that regional development should be considered not only in the economic context but also in the social and environmental contexts at the community level. Moreover, it is the institutional context that lays a basic foundation to building a new social system. Ultimately, it is the "capacity" of people for action that has to be enhanced at the local community level.

Conclusion

The idea of regional development as a policy agenda in capitalist economies was an outcome of the New Deal era in the 1930s when the central government intervened in the market by defining the nature and extent of its economic growth and designing a strategic program of action for the achievement of those goals. The Tennessee Valley Authority program became a prototype of resources development based on a river valley at this initial stage of government intervention. Indeed, this was a watershed in development thinking particularly in the United States where the existence of a moving frontier with abundant resources had planted faith in laissez-faire as part of the national mentality. Since then, however, the history and practice of regional development have been marked by continuing tensions between "free market" and "interventionist" paradigms.

From the present analysis, it has become clear that the market, government, and nonprofit sectors alone have failed one way or another to meet the compounding challenges of sustainable development, that is, economy, ecology, and equity. A new framework for sustainable regional development has to be formulated. The central issue is the formation of a social system that would enable all the market, government, local communities, and individuals to participate in the decision-making, constructing, and managing processes of local social development. The key to the ultimate goal is the role of development organizations; it is considered to be more desirable for such organizations to be tied to the existing social organizations at the local level. In the targeted regions in this study, there has evolved a new trend in synthesizing government intervention and local initiatives since the 1990s. Whether or not the evolving synthesis is able to meet the newly emerging challenges for regional development depends on the degree of integration among the socioeconomic sectors and individual actors as well as on the nature of development organizations. Further research should be conducted to evaluate the development outcomes to be performed by these development organizations.

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