

STATE POLICY PROGRAM  
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*A Report to the  
Ford Foundation and  
the Aspen Institute*

**Pioneers of Progress:  
Policy Entrepreneurs and  
Community Development**

**Volume One**

**Jobs for the Future**

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**Pioneers of Progress:  
Policy Entrepreneurs and  
Community Development**

**Volume One**

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## Acknowledgments

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### Acknowledgments

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Perhaps our largest debt is to the dozens of men and women from the organizations described in this report, who patiently gave us their time so that we could benefit from their insights and experience.

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## **Executive Summary**

Within the past ten to fifteen years, a new breed of sophisticated, influential organizations has become catalysts for innovative state economic development agendas. This report is an in-depth study of how these diverse organizations—citizen groups, business alliances, universities, quasi-public corporations and foundations—are reinventing state development policy and helping Americans better compete in the changing world economy.

These groups have been described as catalysts, change agents and policy entrepreneurs. In the course of our research, we came to think of them as “pioneers.” We found the term apt because, in a bewildering milieu of social and economic change, these groups are actively developing creative answers to familiar questions: What is the best way to strengthen the economic stability and vitality of one’s state and community? In what ways are social problems related to economic development, and what does that imply for community development strategies? Our research suggests some answers to these questions. They are outlined below.

Because the future of community development depends critically upon the leadership of these non-governmental pioneers, it is worth exploring them in a more probing, systematic manner. If more can be learned about their leadership, tactics and effectiveness, then perhaps more attention can be paid to strengthening these indispensable agents of state economic and human development.

### **Chapter 1:**

#### **A New Agenda for Economic and Human Development**

It is now a truism that the American economy has undergone a fundamental restructuring since World War II.

Unfortunately, states often rely upon development strategies that are ill-suited to today’s global economy. Working with state governments, “pioneers” have shown that they can serve as catalysts for change, helping states and cities forge new development agendas.

When the United States dominated world trade, the chief ingredients for a strong economy were cheap labor, cheap land, plentiful raw materials and low taxes and interest rates. Such factors made sense for an economy based upon high-volume, standardized mass production. At least since the 1970s, however, the U.S. economy has become implicated in a larger, more competitive global economy that places a

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premium on other factors. In this vast, volatile marketplace, business must have highly skilled and creative workers, the capacity to innovate constantly, and access to risk capital, advanced telecommunications and specialized knowledge.

The preferred development strategy of the 1950s and 1960s—the recruitment of new manufacturing plants from out of state, a strategy now derided as “smokestack chasing”—gave rise in the 1970s and 1980s to a “second wave” of development strategy. This new approach tried to build the “competitive capacities” of the local economy by improving the skills of the workforce, providing new pools of capital, and facilitating the commercialization of new technology, among other approaches. These strategies recognized that the key to long-term, diversified economic development lies in improving a state’s existing resources—people, businesses, and communities—rather than solely by recruiting new industry. Resolving social problems—the quality of education, alleviating poverty, building the skills of all our citizens—thus becomes critical to economic development.

Many development experts now agree that the implementation of such capacity-building development strategies must become smarter and more sophisticated. Among their recommendations: New linkages must be created between state policy elites and grassroots organizations, so that development plans are fully embraced by communities. New institutional mechanisms must be created to facilitate collaboration between the public and private sectors. More attention must be paid to urban/rural equity in state development. Development must be seen in its broadest sense as regenerating communities, both in their economic and human dimensions.

### **Chapter 2: Development and the Meaning of Community**

The political context in which state development planning occurs is radically different from that of a generation ago. At one time, a community’s power elite could privately plan their own town’s future, usually with an eye toward advancing their own institutional interests in the process. Today, such closed-door deliberations about how to deploy public resources are presumptively unacceptable. The public generally expects, or demands, that state and local development plans to be given rigorous public scrutiny and that all affected parties have a chance to be heard.

Although the erosion of the old-boy network has had many beneficial effects, it has also resulted in a community

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leadership void. The function served by the backroom deal-making of yore remains important; planning for the future, building a consensus to achieve it, and brokering the compromises necessary to move forward. Unfortunately, the civic leadership to accomplish these things is often missing today. Government officials are often hard-pressed to develop a long-range strategic vision on their own, yet pioneers may not have the organizational resources, credibility or vision to assume leadership themselves.

In the 1990s, the challenge for pioneers is to assume more of this leadership role and to articulate a broader vision of development. At the risk of proposing a dichotomy that may be taken too strictly, we believe future development policy must choose between two different paths: Is "community" something that can be adequately revived by major institutions such as corporations, business associations, universities and government bureaucracies working together to find a new consensus vision? Or is it something more profound and human, something that has to do with people's personal relationships to each other and the sense of community that arises from hundreds of casual social encounters, in neighborhoods, churches, schools, civic groups, and around town. To pose the question in another way: What nexus of relationships should be the primary focus of development policy—institutional relationships or individual human relationships?

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### **Chapter 3: Experiments of the Pioneers**

The fullest breadth of experimentation among pioneers in the nation's states can only be appreciated in its particulars. Each organization has a rich organic relationship to its state's political and economic culture, and must be seen in that context. Each organization bears the distinctive marks of its individual leaders, political traditions, and community heritage.

This chapter provides a brief overview of twenty-seven pioneer groups in Arkansas, Colorado, Indiana, Mississippi, Missouri, and a handful of other nationally recognized groups in Kansas, Maine, North Carolina, Minnesota, and Pennsylvania. The profiles describe how each group originated, how it is governed and financed, the agendas each has chosen for itself, and the impact it has had. Our research into these groups vividly confirmed the truism, "All politics is local." Its corollary is unavoidable: "All solutions are ultimately local."

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#### **Chapter 4: Varieties of Pioneer Leadership**

As the smoke-filled backroom has been supplanted by broader democratic participation, the dilemma in search of a solution is: How can diverse constituencies be heard, their arguments evaluated, and necessary compromises struck so that a coherent, sensible vision of the future can be pursued? Among the twenty-seven pioneers studied, we found two primary responses to this issue: advocacy and consensus-building.

The Advocates actively promote their own specific policy agenda, usually on behalf of a specific constituency. The Consensus-Builders, on the other hand, seek to bring different constituencies together to devise and mobilize support for new development strategies. The Advocates are more likely to be aggressive and confrontational, since their ultimate priority is their own members; the Consensus-Builders are more likely to be diplomatic and conciliatory, since their ultimate goal is achieving agreement among existing leaders to move forward.

Among Consensus-Builders, we identified three sub-groupings of leadership: the Convenors, Catalysts and Doers. The primary purpose of The Convenor is to bring together disparate leaders of a community and provide a forum for the airing of views. This is a particularly acute need in states where divergent civic cultures coexist within a single state. Catalysts want to do more than to bring diverse leaders together; they want to stimulate action, in a nonpartisan manner. These pioneers are not entirely neutral in that their members often have partisan backgrounds. Nonetheless, they strive to approach issues in a rigorous, fair-minded way without letting their personal self-interests dominate.

The Doer is a Convener and a Catalyst with one significant difference: It usually has the sheer power, resources and sophistication to get things done. Doers do not simply want to host forums or act as catalysts. They want to investigate directly and bring about change. We identified two primary types of Doers: the business alliance and the quasi-public corporation.

#### **Chapter 5: Pioneer Organizational Structures: Five Models**

Organizational structure can greatly influence how a pioneer can formulate its agenda, govern itself, develop resources, and project a public image. This chapter explores some of the salient implications of the five organizational models we encountered among our twenty-seven pioneers. These models are: 1) citizens groups; 2) business groups;

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3) foundations; 4) quasi-public organizations; and 5) university-based groups.

**Citizen groups** have the most problematic funding and limited resources. Yet as organizations with direct memberships, grassroots organizations (of whatever stripe) have a certain democratic legitimacy that institutions may not enjoy. Because citizen groups fill a void in the public discourse, they often have an impact far beyond their ostensible resources.

**Business groups** generally have the most plentiful resources and political connections of all the pioneers we studied (except for quasi-publics, which are business-dominated). Although this generally means that they can launch more ambitious projects and gain the attention of elected officials and state agencies, business groups face a special challenge in avoiding charges of elitism, which is why they tend to favor the consensus-building approach.

**Foundations** typically enjoy the broadest discretion and biggest bank accounts for stimulating change in state development policy. Ironically, their biggest challenge may be developing the internal program capacity for their grant-making and the grassroots connections truly to effect change.

**Quasi-public organizations** were among the most sophisticated, resourceful and effective of the pioneers. Governed by a state's institutional policy elite, quasi-publics have a superior ability to sponsor the most probing, cutting-edge research and convene the top institutional actors and experts on a given issue. As gatherings of powerful institutional players, however, quasi-publics are less likely to have strong connections to grassroots organizations.

**University-based organizations** tend to be most suited to convene and educate different political factions and to facilitate negotiation and consensus-building. The university affiliation give these groups special credibility to act as change agents. Yet at the same time, university-based organizations must balance the tension between their objective, academic approach and any inclinations to act as advocates.

## **Chapter 6: Conclusions**

If there is a common denominator to the many roles that pioneers play, it is in helping to envision a community's future and to collaborate with government to achieve it. In this sense, pioneers are vital "mediating institutions" for making democratic self-governance work more effectively.

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While they obviously do not have a monopoly on what is best for the commonweal, pioneers are one of the few non-governmental entities in our society that actively deliberates and cares about the commonweal. Whether as Consensus-Builders or Advocates, pioneers generally strive to articulate a new vision of community and discover new ways of stimulating community renewal.

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This, finally, is why pioneers command our attention. They are an important force for regenerating the often-frayed fabric of community and civic culture. Pioneers help ascertain community sentiment, formulate new policy directions, and build new consensus for change.

A distressing chasm in American civic culture—between state development policymakers and the grassroots—is waiting to be bridged. We believe the pioneers can help bridge this chasm. Not only will the resulting development plans be more likely to stimulate economic growth, they will build community spirit and enhance the civic culture. When all is said and done, this is perhaps the most enduring contribution that development policy can make.

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## Introduction

The American economy is in the midst of a profound and wrenching transition. U.S. businesses are becoming more intertwined with the vast global economy. Advanced technologies are spurring new waves of competition in one industry after another. The quality of human resources is becoming increasingly critical to economic performance. Buffeted by these and other changes, state governments are facing unprecedented challenges in bolstering their economies and serving their citizens. Necessarily, the very institution of state government is being "reinvented."

This report provides an indepth study of how a diverse array of non-governmental organizations have become key players in the reinvention of state development policy—how states formulate questions and devise strategies for economic and human resource development. Within the past ten to fifteen years, a new breed of sophisticated, influential citizen groups, business alliances, universities, quasi-public corporations and foundations has become the architects of far-sighted state economic development agendas that help people better compete in the changing world economy.

These groups have been described as catalysts, change agents and policy entrepreneurs. In the course of our research, we came to think of them as "pioneers." We found the term apt because, in a bewildering milieu of social and economic change, these groups are actively developing creative answers to familiar questions: What is the best way to strengthen the economic stability and vitality of one's state and community? In what ways are social problems related to economic development, and what does that imply for community development strategies?

Because the future of economic and community development depends critically upon the leadership of these non-governmental pioneers, it is worth exploring them in a more probing, systematic manner. If more can be learned about their leadership, tactics and effectiveness, then perhaps more attention can be paid to strengthening these indispensable agents of state economic and human development. We wanted to understand how various pioneer organizations developed and grew; why they felt their activities were necessary; and what states could do to forge more effective partnerships with these new entities. By understanding both their differences and similarities, we wanted to clarify the distinctive role that these groups play and, in so doing, learn how their effectiveness could be enhanced.

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We also wished to learn what inherent limitations pioneers may have for fostering development. This concern carries a special urgency now that state governments face difficult fiscal choices and have fewer resources to launch new initiatives. Pioneers, too, have access to fewer resources. Paradoxically, the need for new development approaches comes at a time when, for financial reasons, states and pioneers are least able to pursue them.

Jobs for the Future (JFF), a nonprofit, nonpartisan organization based in Somerville, Massachusetts, was naturally interested in these pioneering groups. Since its founding in 1983, JFF has studied the effects of economic change on the American workforce and designed innovative development strategies. We consult with numerous states to help them understand the nature of our nation's economic transition, and to develop more effective policies and institutions for economic development, workforce preparedness and education reform.

Having conducted highly successful programs in six states—Arkansas, Connecticut, Colorado, Indiana, Mississippi and Missouri—JFF was eager to consolidate its knowledge about pioneers and generate new insights about the very subtle, complex process of economic development. This report is the product of our one-year inquiry.

### **The Methodology of this Report**

From the outset, we were broadly interested in examining any institution with the potential to influence policy and promote an agenda of economic growth, human investment and rural development. Our investigations led us to consider a wide spectrum of organizations: universities, private think tanks, foundations, public/private partnerships, private industry councils and municipal leagues, the United Way, and parental and public advisory committees of various kinds.

Our research and analysis ultimately focussed on twenty-seven different institutions. Five are nationally known; the rest were identified in five states (Arkansas, Colorado, Indiana, Mississippi and Missouri) where we were quite familiar with the economic and political context, the unique "political ecology" of the state. We chose the five nationally known groups based on our discussions with numerous development experts and our own knowledge of the field.

Our selection of state pioneers were based upon conversations with members of JFF networks in states where we have worked. Our open-ended conversations sought to

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identify organizations that have been successful in various economic and human resource development projects. We then selected the four or five groups in each state that were most commonly identified. It is worth noting that we did not explore organizations that directly provide services. Important as that function is, our primary interest was in organizations that are engaged in re-conceptualizing what services should be provided, how that should occur, and which populations (new businesses, advanced-technology businesses, the unemployed, etc.) should be served.

To learn about these pioneer groups, JFF staff members interviewed a wide variety of people: the group's leaders, staff members, supporters, allies and critics. We asked about each pioneer's origins, organizational structure, stated mission, funding sources, and strategies for bringing about change. We explored the constituency base of each group; its concern for "non-traditional" leaders such as minorities and women; its mix of urban and rural members; its direct involvement with community groups; and its predilections for effecting change through grassroots, "bottom-up" tactics or "top-down" approaches. Because rural communities arguably have the most to gain or lose by the success of pioneers, we were particularly interested in the pioneers' concern for rural development. Beyond such specific concerns, we were keenly interested in the broad agenda that pioneers have set for themselves, and what visions of the future they have for their states and communities.

As might be expected, we found significant differences among the twenty-seven groups we investigated. Yet we also found revealing similarities in the kinds of catalytic leadership they demonstrate. We approached our sample of pioneers with few preconceived ideas or conceptual structures for evaluating their work. This was partly by design: we wanted to see what structural patterns and analytic categories would emerge naturally. The disadvantage of this methodology, as will be seen, is that the pioneers studied may not be representative of their national universe of peer institutions, be they business alliances, citizen groups or foundations.

Nonetheless, we believe one of the most fruitful results of our research is the framework we have constructed for understanding the work that pioneers are doing. We found two major categories of pioneers—consensus-builders and advocates—and several sub-groups among both categories. We also identified important conceptual differences in the way that institutions (with no members) and organizations (with members) conceive and pursue development solutions.

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Different participants in development policy making have different visions of the kind of community they seek to build and the best tools for doing so. Finally, we also learned how pioneer leadership is affected in part, but not decisively, by the type of organization they are: 1) business alliances; 2) citizens' and leadership development groups; 3) foundations; 4) quasi-public organizations with official state recognition; and 5) university-based organizations. Appendix A lists, by these categories, the organizations with which we worked.

All of the organizations we interviewed contributed importantly to our understanding of what pioneers can achieve. We came away with great admiration for their work and leadership. Although each group's work offers many lessons, we ended up focusing most on the handful that illustrate certain recurrent themes.

In the following pages, the reader will note the frequent use of the term "community development" as a seeming substitute for "economic development." This choice was deliberate. Historically, economic development has been conceived in rather narrow terms, focusing on obvious economic development concerns such as tax subsidies, labor costs and other conventional indices of a "good business environment." But the concept of development put forward in this report is far more expansive. We believe there are many other factors that are equally if not more important to a region's economic development, such as quality of schools, the availability of skill training programs, adequacy of social services, the sophistication of telecommunications and transportation services, and even general quality of life. Hence, our preference for the term "community development."

### **The Plan of This Report**

In Chapter 1, we begin with an overview of the new economic realities of the 1990s and what they imply for state economic development. Not only must state governments focus on new needs—an educated workforce, new sources of capital, technological innovation, information systems, advanced telecommunications, etc.—they must devise creative governmental tools to meet these needs.

Where will the leadership for change come from? We believe that the pioneers will play a critical role. Chapter 2 provides a brief history of the role that pioneers have played since the 1920s, how the New Deal and Great Society altered their roles and why pioneers are assuming new importance today. This chapter also explains how certain core philosophical

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disagreements persist over how development policy should change communities. Each is motivated by different visions of community.

Chapter 3 examines the actual leadership records of pioneers in five states, and the role played by several national groups as well. This empirical inquiry illustrates how development proceeds under highly specific local circumstances—political, economic, social, cultural. At the same time, it is possible to discern some incipient patterns that may become more pronounced in the coming years.

Chapter 4 sets forth a conceptual framework for understanding what pioneer groups do—namely consensus-building (by Convenors, Catalysts and Doers) and advocacy (by foundations and citizen groups).

We also looked at common organizational roles of most pioneers—the generation and marketing of information; leadership development; grassroots outreach; and managing spinoff projects and groups.

Chapter 5 explores the five organizational models for pioneers—citizen groups, business alliances, foundations, quasi-public organizations, and university-based groups.

Finally, Chapter 6 recapitulates our conclusions about pioneers and their role in community development.

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**Chapter 1**

**A New Agenda for Economic and  
Human Development**

To grapple with community development in the 1990s is a formidable three-fold challenge. It is first necessary to understand how radically the political and economic realities facing our nation have shifted over the past decade—and how these realities demand new development strategies. Second, one must learn how various pioneers responded in the 1980s to these new realities. What worked? What didn't? And why?

Finally, one must come to understand that successful development in the 1990s will depend primarily on the process by which it is pursued, not on formulaic models or fixed rules. If the 1980s demonstrated that "homegrown" capacity-building policies are an effective, long-term development approach, the 1990s will see a more sophisticated application of that insight. This will require greater attention to such process-oriented concerns as leadership, information generation and dissemination, advocacy skills, the creation of new forums for discussion and constituency-building. More generally, pioneers will need to assess how their state's unique "political ecology" inhibits or fosters change.

**The New Economy of the 1990s**

It is now a truism that the American economy has undergone a fundamental restructuring since World War II. When the United States dominated world trade, the chief ingredients for a strong economy were cheap labor, cheap land, plentiful raw materials and low taxes and interest rates. Such factors made sense for an economy based upon high-volume, standardized mass production.

At least since the 1970s, however, the U.S. economy has become implicated in a larger global economy that places a premium on other factors. As analyst David Osborne writes, "The United States has evolved from an industrial economy built upon assembly-line manufacturing in large, stable firms to a rapidly changing, knowledge-intensive economy built upon technological innovation." As Japanese, German and other companies have challenged U.S. supremacy in one industry after another, competitiveness in the global economy has come to depend more on "intellectual capital"—the sophisticated technical knowledge to improve products and

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services and the flexibility to continually innovate and adapt to fast-paced, volatile markets.

The most successful companies are not those which simply make products or provide services, but those which have the **capabilities**—the managers, information systems, technical knowledge, resourcefulness, etc.—to identify new markets and serve them.

“In high-value businesses,” writes Harvard professor Robert Reich, “profits derive not from scale and volume but from an ongoing discovery of connections between the solutions to problems and the identification of new needs.” So too in state government. Effective development strategies must focus on the process by which government, businesses and people can identify new needs and devise solutions. This is why the pioneers are so important: they can help expedite the process of experimentation and inquiry by state governments. They can speed the states along the “learning curve” of new development approaches, adding real value in the process. They can risk experimentation and failure in a way that is difficult for state governments to do.

In the new economy, both businesses and state governments must pay more attention to, in Reich’s words, “the skills and insights of a nation’s work force, and the quality of its transportation and communications links to the world (its infrastructure)...” These factors, he writes, “are what makes [American business] unique, and uniquely attractive, in the new world economy.” Education reform has become such an urgent concern among many business leaders for precisely this reason. They recognize that the long-term success of their businesses depend upon an educated workforce.

Unfortunately, national leadership and resources to spur this new brand of economic development are virtually nonexistent. Much of this is the legacy of the Reagan administration, which contributed to several trends that persist today:

- ❖ President Reagan’s “New Federalism” greatly reduced the federal government’s role in numerous areas of policy making and program services. The resulting shift of responsibilities to the states was often unaccompanied by the necessary resources.
- ❖ During the 1980s the federal budget deficit mushroomed, severely limiting the federal government’s ability to rebuild the nation’s physical and human infrastructure. As a recession took hold at the end of the decade, neither federal

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nor state governments could consider mounting major new spending initiatives without corresponding (draconian) cuts elsewhere.

❖ After a decade of anti-government rhetoric from politicians, the American people seem more apathetic and cynical than ever about the value of government initiatives. In states across the country, voters are reluctant to support tax increases to pay for expanded services, or even to maintain current services.

❖ As the "new economy" described by Reich, Osborne and other commentators swept across the American economy, the disparities between haves and have nots intensified. Many of the jobs formerly held by unskilled, poorly educated workers have been moved to foreign countries where wage levels are lower and skill levels higher. The social resentments and pathologies engendered by this trend—in terms of disparate levels of income, education, and personal security—profoundly affect our nation's social stability and ability to compete economically.

Taken together, these trends pose an enormous challenge to states, which now face crushing financial burdens, major social problems, and a perennial need to promote economic development in the most effective ways possible.

### **The States as "Laboratories of Democracy"**

In his 1988 book, *Laboratories of Democracy*, David Osborne argued persuasively that state governments can and must be fertile incubators of fresh economic development approaches. That is precisely what occurred in the Progressive Era of American history, he points out. Numerous innovations in state policy making gradually coalesced over a generation and, in the fullness of time, yielded the watershed federal reforms of the New Deal. That history, Osborne believes, should inspire states today to recognize the dynamic role they play in our federal system as "laboratories of democracy," in Justice Louis Brandeis' memorable phrase. This role continues to be important in the 1990s, despite the economic retrenchment that curtails state innovation today.

But moving forward with innovative development schemes requires shedding some obsolete images and policy models of development. During much of the 1950s and 1960s, the primary form of local development was the recruitment of new manufacturing plants from out of state, a strategy now derided as "smokestack chasing." Under this rudimentary development approach, states try to induce business to

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relocate or build new plants within their borders by offering generous tax abatements, training programs, low-interest loans, and other incentives.

In its time, "smokestack chasing" was an effective strategy if only because much of American industry then competed on the basis of cheap labor and low overhead for its branch facilities. But in many ways it was a beggar-thy-neighbor approach that did little to build enduring economic capacity or stability for a state.

The limitations of this approach to development became obvious in the 1970s, when more industries began to realize that they could reap enormous savings by exporting unskilled manufacturing jobs to foreign countries. States that sought new business investment via tax breaks, low wages and minimal health, safety and environmental regulation found that they simply could not compete against Third World nations which offered rock-bottom wages, taxes and social regulation.

The "smokestack chasing" approach to development also waned as computer-based information technologies began to become a key competitive factor in virtually all goods and services produced. The sophistication with which companies use microelectronics—to improve productivity, customer service, inventory control, telecommunications, and more—has come to overshadow some of the traditional bases of business competition.

The "real economy," Robert Reich asserts in his new book, The Work of Nations, is driven more by "intellectual capital" than financial capital. The victors in international competition are those with the technological know-how and the flexibility to deploy it quickly and efficiently. "In an economy under siege by foreign competition," David Osborne concurs, "macroeconomic adjustments are simply not enough." He explains:

*"Competitiveness has become a function of qualitative as well as quantitative factors: not just how much we produce, but how we produce it; not just how much capital is available, but what kind of capital; not just how much research we do, but how fast it is commercialized; not just how many workers we have and at what wages, but how well they are prepared and how well they work together."*

The realization in the late 1970s and early 1980s that U.S. businesses would henceforth be playing by the new rules of the hyper-competitive global economy forced new changes in

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development policy. "States began to realize," writes Robert E. Friedman, Chair of the Corporation for Enterprise Development (CFED), a Washington D.C., development policy institute "that to help their existing firms and attract new investment, the production inputs in the local economy—a skilled workforce, risk capital, available technology, sophisticated management information and modern telecommunications—would have to be world-competitive in quality and cost. State government's new role was to ensure that their resources or 'competitive capacities' were available."

Thus in the 1980s, the more far-sighted states initiated a wide variety of new programs that recognized the emerging contours of the global economy. To help their businesses compete more effectively, states provided new pools of risk capital, promoted technological innovation, improved worker skills, provided technical advice to new businesses, developed university/entrepreneurial partnerships and promoted exports. They sought to rehabilitate the sagging infrastructure of public services that make a real competitive difference for business. Some of these services are familiar—adequate telecommunications and transportation—while others deal frankly with concerns beyond the scope of traditional economic development: human and social services. States began to realize that the quality of education, the availability of worker training and retraining programs, and a host of other services that affect family stability and job-readiness also play an important role in competitiveness.

These strategies differed from "smokestack chasing" strategies in that they sought not merely to attract footloose manufacturing plants, but to build the **long-term competitive capacity of a state's workforce and physical infrastructure**. They also differed from former development approaches by exploiting the state's distinctive, local strengths. Whether it was a prestigious university, an advantageous location, a preponderance of computer-oriented professionals, or an attractive quality of life, states identified their most promising niche opportunities for promoting growth, and then aggressively pursued solutions.

### **The Need for a New Community Development Agenda**

In the 1990's states are coming to recognize the shortcomings of even this, more astute development approach. What many seek to shape is a new set of strategies which would build upon the lessons of earlier development policy. The focus on homegrown, indigenous development would remain. The change would come in how those development strategies are

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pursued. The flaws of the 1980s experiments would be acknowledged, and new approaches devised to deal with them. As a convenient, if somewhat imprecise, shorthand for differentiating these new development strategies from previous ones, analysts at CFED have coined the term third wave. Some key attributes of "third wave" strategies are described below.

❖ A key shortcoming, many analysts agree, is the failure to understand that the social problems faced by a state's workers are significant economic problems as well. A state whose citizens cannot read, work with computers, or perform basic arithmetic, is a state with serious deficiencies in its most basic competitive resource, its people. Proponents of new development strategies insist **that any coherent development approach must deal with the genuine linkages between social deficiencies (poor education, family instability, poverty) and deficiencies in economic competitiveness.**

❖ Making this linkage also implies a more comprehensive vision of what development should entail. Instead of addressing individual pockets of need—worker training, commercialization of technology, etc.—**states must find new ways to integrate and coordinate their multiple development programs without falling prey to bureaucratic paralysis.** Above all a unified vision of what state development should seek is necessary, even if it is impossible to develop a full range of programs. An articulated vision of the future helps inspire action, organize disparate players, and elicit new energy in the pursuit of a common goal.

❖ Developing a vision implies a certain scale and ambition that many state development plans have not yet achieved. **Yet if state experiments are going to have any significant impact, new ways must be found to replicate their work and help more people.** Pilot programs and small-scale models (seed and venture capital, training programs, etc.) have an important place. But such programs cannot reach enough people to make a real difference if states are the sole funders and administrators. States must find ways to act as catalysts, encouraging the private sector to assist in the development process.

❖ In a time when government bureaucracies are often properly criticized for their **lack of responsiveness and accountability**, any new development ventures must surmount this problem as well. Among development experts, there is a growing realization that any new programs must have built-in mechanisms to ensure that the intended beneficiaries truly want the services provided, and that they

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are indeed benefitting from them. Just as customers in private marketplaces can exert pressure for accountability on suppliers, so the clients for state-sponsored development services should have new tools to provide feedback to program managers and political leaders. Without such mechanisms, new development programs are more likely to be wasteful and inefficient—a politically intolerable circumstance when state treasuries are bare.

Given the lack of federal leadership, more and more states realize that they must begin to craft a new and smarter agenda for community development. Although its details remain subject to debate and experimentation, there is much agreement that the emerging agenda must respect the views of local communities as much as the opinions of state leaders. It must pay as much attention to the needs of rural areas as it does to urban problems. It understands that private and voluntary sectors are often superior to public officials in articulating public needs and encouraging and implementing private solutions. It has to acknowledge that genuine, long-lasting, economic development is indigenous, not imported, and that the capabilities of people may be a state's most competitive resource. Indeed, the new agenda is grounded in the conviction that economic development depends critically upon human development.

Pursuing this new development agenda will obviously require a redefinition of the role played by state governments. They must learn how to facilitate solutions and catalyze the private sector instead of controlling and administering programs. They must learn how to convene different parties and help broker artful solutions rather than impose programs which may not serve genuine needs of parties.

It can be disconcerting to talk about development in these terms because so much emphasis is put on the process of government; tangible results seem more remote and secondary. Yet one of the signal failures of earlier development approaches was precisely the flawed political and administrative structures of government—the rigid rules, the limited resources, the fragmentary and uncoordinated approach to problems, the relative indifference to the feelings and aspirations of "clients." Any hopes of transcending the limitations of these strategies must grapple with the ways that government works with the private sector, pioneers and communities. Instead of being the chief sponsor and administrator of development programs, state governments must experiment with new mechanisms of public/private cooperation that leverage private resources and bring together different parties.

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Yet restructuring of government to undertake innovative initiatives will require more than a new blue-ribbon committee or academic tome. In our democracy, government is a creature of the people. It will not change unless ordinary citizens and their mediating associations demand that government change.

Hence the importance of the pioneers profiled in this study. We believe the pioneers—particularly those with strong constituency bases—will play an indispensable leadership role in forging future development policy. As outsiders to government who nonetheless are familiar with its operations, pioneers can provide the vision, energy, and citizen action that is so urgently needed. One is tempted to say that only the pioneers can provide this momentum for change.

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### **A New Agenda for States and Pioneers**

It is fair to wonder how can pioneers can exert new leverage for change. What is the new agenda that they seem to be groping toward? At this point, the answers are necessarily provisional. The pioneers' experiences are highly idiosyncratic; many of their achievements are still fairly new; their replicability is not known. Yet we believe that there are at least five general principles that can profitably guide state governments and pioneers.

**(1) The key to long-term, diversified economic development lies in improving the state's existing resources—people, businesses and communities—rather than by "chasing smokestacks."**

The pioneers we studied realize that their long-term economic future will be not truly stable or dynamic unless they can build upon existing assets. Thus their strategies try to help new businesses form and existing ones expand rather than to woo outside investment only. A special emphasis is placed on raising education and skill levels in the workforce, and on integrating economic development programs with education, working training and social services.

**(2) No development strategy will succeed unless local pioneers are actively involved in planning and implementing it.**

It is tempting to believe that new state programs and policies can do the job by themselves. Certainly state initiatives are a helpful and even necessary precondition for much development. But new programs will not take root and flourish unless the intended beneficiaries invest themselves personally in the programs and come to "own" them. What

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is missing—and what many pioneers are struggling to create—are new “synapses” or bridges between the policy elite at the state level and grassroots, community groups which may not have the information or organizational resources to help themselves. This is particularly true in rural regions which are more isolated—geographically, politically and culturally—from the state capitals than urban and suburban areas.

**(3) New institutional mechanisms must be created to facilitate collaboration between the public and private sectors.**

One lesson of the 1980s development experiments is that state bureaucracies are often ill-equipped to administer development programs and respond flexibly to client needs. Also, state funds are extremely limited even in cases where there is a demonstrated need and proven program. Many pioneers are therefore trying to find new ways that government can work with the private sector. The use of seed and venture capital for start-up firms; the use of high-technology development with private sector matching of funds; the use of university technology centers to help diffuse new technologies; government use of market-sensitive private contractors to provide development services formerly rendered by state agencies—these are among the new ways that states are remaking their system of fostering development.

**(4) The best state development policies will be those that seek a more equitable balance between rural and urban areas.**

As the competitive factors of the global economy penetrate into rural areas, a new common ground between urban and rural areas is growing. Historically, urban leaders intent on high-tech manufacturing growth have been indifferent to rural poverty. Rural leaders, particularly those serving in the state legislature, have frequently responded by ignoring urban needs. Now, as the U.S. economy comes to reward new competitive factors—workers’ skills, quality of schools, availability of computer and telecommunications technologies, etc.—urban and rural leaders have the beginnings of a common agenda.

Rural regions plagued by economic difficulties often face high social needs that must be fulfilled by government, through transfer payments. Investing in the long-term economic capabilities of such regions, rather than merely spending money to meet basic human needs, may be the most effective

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way to deal with rural development problems. As a matter of both fairness and pragmatism, the more thoughtful pioneers recognize that state development policy must take into account all regions of their states. If a state's different regions can be mutually supportive instead of antagonistic, much more can be accomplished.

**(5) The most successful development strategies will focus on regenerating the communities of a state, in both their economic and human dimensions.**

Again, the changing nature of the American and global economy makes it more important for states to invest in their people and not in business subsidies or physical infrastructure alone. It is easier than ever for traditional manufacturing to flee a region for cheaper labor and facilities. Finding the educated, skilled people to contribute to a company's "innovative capacity" is more difficult.

Statistical correlations seem to confirm this fact. Nationally, jobs continue to disappear in those industries where the average worker is a high-school dropout. But job opportunities are increasing in industries where the average worker has graduated from high school. States with the highest percentage of college graduates are those succeeding in the new economy, and the higher the concentration of educated people in a region, the higher its general economic success.

Some of the most vigorous, visionary pioneers seem to draw their strength from these five insights. It is important to stress, however, that there is no such thing as a "generic pioneer." They do not all share lowest-common-denominator values or tactics. Their state political and economic environments differ tremendously, as do their own organizational structures, tactical goals and philosophical assumptions about development. Perhaps the most accurate metaphor for describing the relationship of pioneers is the idea of family. Certain traits seem evident in most of the pioneers—as suggested in the five-point agenda above—yet each of them has a very distinctive identity and context.

Before describing the idiosyncratic traits of the twenty-seven pioneers we studied, we first want to put them in an historical context. In Chapter 2, we briefly sketch the history of government social programs, from the New Deal to the Great Society to the post-Reagan 1990s, and what this

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changing context has meant for pioneers. Development policy must not only take cognizance of the existing political climate but also of the vision of community that one hopes to foster, in the most profound sense.

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## **Chapter 2**

# **Development and the Meaning of Community**

If the 1980s saw a remarkable proliferation of new pioneers, it was largely because the history of government social programs had reached a turning point. As suggested in Chapter 1, a number of trends, all converging at more or less the same time, created a growing need for new voluntary, non-governmental development groups.

To appreciate the relative novelty of pioneers and their importance to state government, the first half of this chapter provides a brief historical overview of government social programs and the changing role of pioneers. It seeks to suggest why so many new non-governmental, voluntary groups have emerged in the 1980s. The second half of the chapter addresses a question that more development experts will need to confront as the "third wave" gains momentum, and that is: What vision of community should new development plans foster? Some empirical answers will be seen in Chapter 3.

### **A Brief History of Government Social Programs**

In the 1920s, the nation's social problems were most commonly addressed through voluntary private groups acting in a decentralized manner. Philanthropy and charity were the chief vehicles for social services; government, whether federal or state, played only a modest role.

The great landmark of change, of course, was Roosevelt's wide array of New Deal programs in the 1930s and 1940s, which gave legitimacy to the idea that government could and should confront the many economic and social problems of the country. The New Deal generated enduring support for social insurance programs to the elderly, the unemployed and the disabled.

Lyndon Johnson's Great Society programs sought to complete the welfare state established by Roosevelt. Like the New Deal, the Great Society increased the federal government's financial commitment to social and economic problems. Unlike the New Deal, however, the Great Society sought to

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increase citizen participation in the administration of federally funded programs. It realized, correctly, that implementation would work best at the local level. It also realized that such programs could provide the poor with unprecedented access to the political process. In addition, it sought to fill the gaps of the New Deal with medicare and medicaid and support for aiding economically disadvantaged children in elementary and secondary education. The 1964 Civil Rights Act and the 1965 Voting Rights Act demonstrated the countries commitment to ending racial discrimination.

The centerpiece of the Great Society was the Economic Opportunity Act of 1964, which led to the creation of a network of federally funded, nonprofit organizations to orchestrate local anti-poverty policy. The Community Action Agencies and the Model Cities Program of the Great Society were imbued with the liberal philosophy of "community control." Johnson-era reformers wanted to democratize community decision making, and believed local government control over the War on Poverty programs would be detrimental to their success. Thus newly created bodies were elected at the local level to work around local power elites and disperse federal money.

To ensure "maximum feasible participation" among the poor, decentralization schemes—in the form of advisory boards consisting of parents, community leaders and activists—were put into effect in cities and towns throughout the country. Almost every piece of federal legislation that provided for special social services during the 1960s required that advisory groups be established and include the beneficiaries of these services or their representatives.

The War on Poverty has been a subject of comprehensive study by those who seek to understand and alleviate the social problems of the United States. There will always be differences of opinion on how successful the war on poverty was. But these judgements appear to be very widely accepted: 1) the goals were high and in some expectations unrealistic; 2) The financial resources allocated were limited; 3) Many of the programs have become models for creative intervention in the lives of the poor, i.e., Head Start, legal assistance and pre-natal health care.

The War on Poverty demonstrated new models of public-private problem-solving and more decentralized decision making—two innovations that influenced both liberals and

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conservatives in their subsequent thinking about public policy. While the original War on Poverty programs were associated with liberal Democrats at the national level and community activists at the local level, by the mid-1970s liberals and conservatives alike were advocating decentralization, community control, and increased reliance on the private, nonprofit sector for public problem-solving and the delivery of goods and services.

To be sure, there were important differences of emphasis between liberals and conservatives. Consistent with their belief in limited government, influential business-oriented think tanks such as the American Enterprise Institute and the Heritage Foundation in the mid-1970s were calling for a larger role for the voluntary sector in public life. This strand of thinking was later given a ringing endorsement by Ronald Reagan as he reduced numerous federal social services. Although George Bush has proven less hostile to these federal programs, he too stresses the primacy of the voluntary, nonprofit sector—"a thousand points of light." In the Republican analysis, most social problems stem from the moral deficiencies of individuals, not from structural economic injustices or political inequities. Thus only individuals and families—with the help of community nonprofit groups—can solve social problems.

Many (but not all) Democrats, on the other hand, stress that federal and state programs remain worthwhile and legitimate; they simply must be made more efficient and effective. They criticize the "thousand points of light" approach as a way for politicians to ignore social problems altogether by shifting responsibility to the nonprofit sector and state governments. At the same time, many Democrats concede that government programs will not in fact become more efficient and effective unless they are coordinated more closely with the nonprofit sector (i.e., the pioneers) and local communities. They, too, agree that the public and private sectors must find new mechanisms for working together and amplifying each other's strengths.

Obviously, these descriptions of Democrats and Republicans are somewhat oversimplified but ideological convictions aside, there are several unavoidable economic and political reasons why states are becoming more important in community development and why, in turn, pioneers organizations are becoming more necessary. As noted in Chapter 1, the enormous increases in defense spending throughout the 1980s meant that there simply was less money

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for social welfare and economic development programs. The effect of the Reagan "block grant" administrative strategy has been to force state governments to do more with less. Necessarily, states have had to become more experimental and innovative. Grand initiatives are usually far less feasible than smaller-scale projects that build upon existing resources, including the resources of the private, nonprofit sector (foundations, corporate donations, volunteers, etc.).

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Another less perceptible reason why pioneers are becoming so vital to state government today is the declining influence of old-boy networks. At one time, a breakfast gathering of local bankers, developers, industrialists, retailers and politicians could privately plan their community's future, usually with an eye toward advancing their own institutional interests in the process. Although such community "planning" was not without contention, it had the virtue of being fairly efficient and decisive. The messy process of democracy—with its demands of open participation, public debate, the formal review of competing interests, the brokering of compromises, etc.—could be avoided.

As more community groups have sprung up—inspired by the civil rights, anti-war, anti-poverty, consumer, women's and other movements of the 1960s and 1970s—decision making in many communities has become relatively more diffused and democratized. A town's power elite often remains powerful today but its closed-door deliberations about how to deploy public resources are presumptively less acceptable. The public generally expects, or demands, that state and local development plans be given rigorous public scrutiny and that all affected parties have a chance to be heard.

Yet the erosion of the old-boy network also created a community leadership void that we believe must be filled by pioneers. The function served by the backroom dealmaking of yore remains important: planning for the future, building a consensus to achieve it, and brokering the compromises necessary to move forward. Unfortunately, the civic leadership to accomplish these things is often missing today. Government officials are often hard-pressed to develop a long-range strategic vision on their own, yet pioneers may not have the organizational resources, credibility or vision to assume leadership themselves.

Most of the pioneers we spoke with seem implicitly to understand this. They are grappling with a systemic failure

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of state governments to respond quickly and effectively to a changing economy. Yet as private, voluntary organizations, pioneers are handicapped because of the vast array of sophisticated issues they must master: the character of the new economy, research about their local circumstances, and policy analysis about how to move ahead—as well as numerous intra-organizational challenges such as funding, research, leadership and public outreach.

The paradigm of the “third wave” has done much to clarify some key development issues that lie ahead and help planners move forward in a more coherent, effective manner. Yet this paradigm has not as yet focussed on an almost self-evident issue that too often gets short shrift: What specific vision of “community” should new development plans promote?

### **What Vision of Community in the “Third Wave”?**

At the dawn of the 1990s, liberals and conservatives were working together, somewhat fitfully, to advance certain shared values: self-help, citizen participation, and community leadership. With echoes of the Great Society ringing through their rhetoric, conservatives from George Bush to Jack Kemp speak proudly about promoting “empowerment” and “opportunity” in communities. A Rip van Winkle of the 1960s awakening today might understandably think that conservatives had joined the liberal camp.

To the casual observer, the blurring of rhetoric suggests a budding new alliance between liberals and conservatives on development issues. The more likely explanation, however, is that the meeting of minds is more superficial than substantive. While grasping for the same code words, liberals and conservatives generally retain some very different notions of development and government’s proper role in promoting it. Should one strive primarily for economic development, with its focus on institutions and their resources (businesses, government agencies, foundations, philanthropies)—or for community development, with its focus on people and community (quality of public schools, skills training, civic associations)? Should new development agendas originate from the grassroots—or should the grassroots strive to help themselves, working within a policy framework handed down by state or community policy elites? By and large, the philosophical schism between liberals and conservatives remains.

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Yet because there is apparent consensus on many development principles and because former adversaries are often speaking the same buzzwords, probing questions like these often go unaddressed. State development analysts generally agree that smokestack chasing is an anachronism; that economic and community development are tightly related; that local implementation is critical; and that development must be broadly equitable among a state's regions. But in what manner should these principles be pursued? What sorts of core philosophical differences about development persist?

At the risk of proposing a dichotomy that may be taken too strictly, we believe the chief issue to be addressed in pursuing "third wave" development policy may be the vision of community. Is "community" something that can be adequately revived by major institutions such as corporations, business associations, universities and government bureaucracies working together to find a new consensus vision? Or is it something more profound and human, something that has to do with people's personal relationships to each other and the sense of community that arises from hundreds of casual social encounters, in neighborhoods, churches, schools, civic groups, and around town? To pose the question in another way: What nexus of relationships should be the primary focus of development—institutional relationships or individual human relationships?

The two visions are assuredly not incompatible. At the same time, some communities are more in need of one form of development than the other. For regions of Mississippi and Arkansas, where the sense of powerlessness is pervasive and the sinews of civic structure are almost nonexistent, development strategies that seek to "impose" new policy solutions without people's active involvement and consent will likely fail. But in cities like Pittsburgh, where a flourishing civic culture seems to work productively with the city's many well-represented constituencies, the need for regenerating the human fabric of community may be less urgent.

The point we raise is one made more eloquently by John L. McKnight of Northwestern University, who points out that institutionalized service systems so often fail because they do not truly take people into account. Their chief object is managerial control of people and the orderly consumption of services, not the real-life ways that people live and interact. Institutions tend to imagine an orderly perfection for a given

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milieu, says McKnight, while communities presuppose a diverse collection of fallible human beings who have their own elemental needs and tastes.

Thus, to pursue development policy wholly from an institutional perspective involves intrinsic administrative problems and often ignores the regenerative potential of basic social groups—the family, friends, neighborhood associations, civic groups, churches, ethnic associations, temples, local unions, local government and local media. These entities are as essential to lasting community development as the ambitious plans that policy elites and think tanks may develop in consultation with a state's leading lights. As McKnight writes:

*"These associations of community represent unique social tools that are unlike the social tool represented by a managed institution. For example, the structure of institutions is a design established to create control of people. On the other hand, the structure of associations is the result of people acting through consent. It is critical that we distinguish between these two motive forces because there are many goals that can only be fulfilled through consent and these are often goals that will be impossible to achieve through a production system designed to control."*

Institutions are less capable of flexibility and rapid response, notes McKnight. As instruments of control, they are hierarchical by nature. As centralized overseers, they are less able to nurture small-scale innovation. Designed to provide managed services to large numbers of people, they are less able to provide individualized care, which requires a special human relationship. Finally, unlike associational groups, institutions, in their efforts to project their own visions, are less likely to foster participatory citizenship.

We believe that one of the most transformative leadership roles that pioneers can play in the "third wave" is to expand the reach of institutions into a community and humanize them. An equally important role is to generate a new set of grassroots organizations that march forward their own agenda, independent of existing institutions. Both sorts of leadership will strengthen the associational bonds of a community—which is to say, the community itself—and give most development plans a greater likelihood of success.

It bears noting that the "vision of community" held by pioneers is rarely explicitly stated. Rather, it is more implicit

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in the governance of the organization, its projects, and its methods of operation. We do not suggest that pioneers can be neatly divided into two categories, institutional and humanistic. We do suggest that some pioneers pay special attention to the people-oriented dimensions of development that John McKnight has noted, and that they seem to have a more dynamic energy and compelling vision. However impeded by limited resources, such organizations as the Arkansas Land and Farm Development Corp. are showing that development must not only nurture economic capacity but community citizenship among individuals as well.

If human development is critical to economic development, then "third wave" development must pay special attention to how people are reached. It must find new ways to help institutional players (legislatures, state agencies, corporations, foundations, etc.) interact with the people of a community in more responsive, human ways. This is a function that can be well fulfilled by pioneers, whose capacities in this regard need to be strengthened and expanded. At a time when state politicians are often too besieged to truly lead, bureaucracies are too rule-bound and politically neutered to initiate, and the citizenry too disengaged to demand reform, pioneers hold the unique potential of catalyzing all parties into action.

In the 1830s, when Alexis de Tocqueville described the private, voluntary associations of Americans that serve as mediating institutions between the people and government, he could have been describing today's pioneers. This uniquely American function needs to be bolstered in the decade ahead.

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## **Chapter 3**

# **Experiments of the Pioneers**

The fullest breadth of experimentation among pioneers in the nation's states can only be appreciated in its particulars. Each organization has a rich organic relationship to its state's political and economic culture, and must be seen in that context. Each organization bears the distinctive marks of its individual leaders, political traditions, and community heritage.

Before proceeding in Chapters 3 and 4 to evaluate the tactics used by pioneers to shape state development policy, this chapter provides a brief overview of the twenty-seven groups: how they originated, how they are governed and financed, the agendas they have chosen for themselves, the impact they have had. Our research into these groups vividly confirmed the truism, "All politics is local." Its corollary is unavoidable: "All solutions are ultimately local."

### **Arkansas**

The strategies being pursued by pioneers in Arkansas are quite distinctive, if only because the state has such an unusual political culture, demographic profile and economic need. In 1988, organizer/consultant Si Kahn prepared a profile of the state's community development needs for the Winthrop Rockefeller Foundation, based in Little Rock. In a comment that sums up the state's circumstances, one citizen told Kahn, "Arkansas has been an isolated and forgotten state in the development of the South and the country. The general population perceives this even more than is really the case. There's a real inferiority complex."

Not only does Arkansas need strong development initiatives, writes Si Kahn, it needs to develop "a public culture of change, based in the real history of people in this state, which looks toward the future." In short, Kahn suggests, the political and civic culture needs to be nourished. Few of the intermediary citizen or political organizations common in many other states exist in Arkansas. Because politics in Arkansas is highly personalized, the leverage to effect change lies not necessarily with facts or philosophies of governance, but with who has access to the leading politicians and their networks.

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It is not surprising that two of the Arkansas pioneers we investigated are exploring how to build new sources of political power, via organizations, at the grassroots. The Winthrop Rockefeller Foundation is clearly the most effective, well-endowed and creative pioneer in the state. It has long been concerned with the poor. Upon realizing that changing the plight of the poor requires changing the balance of power in the state, the Winthrop Rockefeller Foundation has tried to generate new information about such issues as early childhood education and economic development. Its Arkansas Issues Program has produced influential independent reports on taxation and an evaluation of the state's educational reform efforts. This information, because it sometimes contradicts traditional thinking, often has political repercussions.

The Foundation has also helped found and organize new self-sustaining community organizations. "People have power if they have good information and if they organize to come together," says the foundation's president, Mahlon Martin.

The Foundation's programmatic goals are to improve the equity and quality of public education; to break the cycle of poverty by promoting community development; and to nurture strong grassroots leadership through the development of community-based organizations. In this regard, the Foundation gave a total of \$2.2 million in 1988 to bolster small advocacy groups (for family services, handicapped rights, soil and water conservation, world peace); to promote small business development; and to develop innovative models for education reform.

Almost alone among the pioneers we studied, the Winthrop Rockefeller Foundation seeks to foster sweeping changes in the structure and allocation of power in the state. It seeks to achieve this not through lobbying or electoral activism, but through aggressive organizing and support for small grassroots groups. The foundation is intent upon rejuvenating the state's regions and a new state development agenda through the assiduous cultivation of community-based citizenship over the long-term. Its desire to strengthen the impact of its economic development grants also led it to create, with ShoreBank of Chicago, the Southern Development Bancorporation, a radically new institutional approach to the challenge of rural enterprise development.

**The Arkansas Land and Farm Development Corporation (ALFDC)** is another highly successful grassroots organization

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that advances its development agenda through community organization and forceful advocacy. The group's 1,365 members—black and white farmers from every region of the state—elect the 13-member board, which oversees a \$344,000 budget and a staff of five (and numerous volunteers).

ALFDC's executive director, Calvin King, recently won a MacArthur Foundation "genius" award. Founded in 1980, ALFDC provides useful farm-related services such as access to credit, training and technical assistance and marketing support. Thus ALFDC will provide loans from a community loan fund to help farmers make capital improvements, and sponsor workshops on how to convert to non-traditional crops and manage farmlands better.

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But ALFDC may be even more influential as a grassroots political organization. Its annual meetings set the stage for how agricultural issues are advocated, and its analysis and lobbying helped shape important amendments to the federal Farm Bill. One reason that ALFDC is such a strong independent political force is its commitment to community-based education, service and advocacy. Policy views originate at the local level, and are propelled by ALFDC into the state and federal arena, where politicians and other decision makers cannot easily ignore them. As Calvin King says:

*"We are a capacity building organization. We help reduce the fear level [that farmers have of state and federal bureaucracies]. You can draw the attention of leaders when you have the voice of the people. You have to get them organized to talk, call, meet one-on-one and in group settings. You have to use organizational networks to set up a meeting place for more than one organization. When you do that, it puts to the mind of the system, this is not an organization, this is a people. At the local level you don't want people as an organized force coming at you. Leadership sees that. It's to the system's advantage to work with an organization of this nature. It's easier."*

By comparison, the other two Arkansas pioneers that we examined have more modest records of achievement, one through a different sort of bottom-up organizing and another through an aggressive top-down approach of limited impact.

**The Wilowe Institute** was founded in 1982 by seven women who felt the state's leadership circles needed to be broadened. Instead of pursuing a feminist agenda, as some were inclined, the women have tried to build an issue-neutral forum through which divergent views could be heard and new

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leadership fostered. The Institute has about 900 members; 600 of them pay \$25 annual dues. Most of the group's funding comes from foundations.

A sense of the Institute's interests can be gleaned from the topics of its symposia, which are its chief annual event. Recent conferences have explored the changing nature of all organizations; leadership in Arkansas; technology-based economic development in the state; and the linkages between education and economic development. Despite its commitment to developing a new generation of leaders for Arkansas, the Wilowe Institute refuses to embrace any specific political, ideological or philosophical agenda. "The people who become part of the organization will shape its agenda," explains a board member.

**The Arkansas Business Council (ABC)** offers a fascinating picture of a troubled pioneer, which has tried to improve the state's economic future through an ambitious set of education reforms. The chief mover behind ABC has been Sam Walton, the founder of the Wal-Mart retail store chain and perhaps the wealthiest man in America. Walton recruited a total of 19 chief executive officers to serve as the board of his new organization (a 501(c)(6) to enable it to lobby and a companion foundation).

With its wealthy, politically connected board, the ABC seemed to be well-situated to push through the changes it sought in Arkansas. But the organization suffered initially from a certain vagueness of purpose and later, from a failure to reach out to important constituency groups, even to potential allies. Unwilling to wade into the political process like other players, the group proved ineffectual; it failed to push through the Governor's 1989 tax program, which it had strongly supported. Its more serious problem has proven to be its elitist image, the product of both its membership and its political tactics. Despite good intentions and considerable resources, the ABC has not begun to have the respect or impact that it has the potential to have. Its future directions remain uncertain.

### **Colorado**

The State of Colorado has two economies. The Front Range, consisting of Denver and the metropolitan corridor extending north and south of Denver, has grown dramatically in recent years. Branch plants, high-tech goods and service firms have

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located there, supported by a very well-educated workforce and a significant number of out-of-staters. Elsewhere, the state is sparsely populated, with an economy dominated by the boom and bust cycles of farming and mineral extraction.

Not surprisingly, the two economies have given rise to two political cultures as well. The relatively prosperous Front Range often resists the agenda of "everywhere else" (mostly rural residents), and native residents often resist recent immigrants and wealthy holiday vacationers. The legislature remains dominated by representatives from outside of the Front Range. These economic and political schisms have been exacerbated in recent years with the slowdown of the Colorado economy as a whole, as the fortunes of the oil, gas and mineral industries declined. This latest bust has fueled the desire among permanent residents of the state to build a more stable, sustainable economy which would not depend upon the skills of imported talent, branch plants or the fickle shifts of oil, gas and tourism.

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Despite Colorado's relative wealth, the state has a fairly undeveloped civic infrastructure. Denver has some of the standing institutions (elite business associations, citizens organizations, leadership development groups) that are common in places like Minneapolis and Pittsburgh, but these groups fail to work together toward common goals. The pioneers we spoke with explained that much of this can be traced to the rugged individualism and competitive spirit of the state's residents. Add the strong community-orientation of politics and the suspicion of government (the state constitution decrees a relatively weak governor), and it becomes quite difficult for Coloradoans to achieve consensus in public policy or bring about change.

**The Colorado Trust**, based in Denver, is a private grant-making foundation that has managed to achieve some remarkable results. It was established in 1985 when a church-run medical center was sold to a corporation; its endowment of \$230 million generates yearly grants of \$9-10 million (the 5% of endowment required by federal law). As befits its benefactor, the Colorado Trust focussed originally on variety of health care issues—rural health care, prenatal and maternal health care, nursing, care of the elderly, and others.

In recent years the Trust has expanded its focus to address the root causes, and not simply the symptoms, of health care issues. Thus instead of dealing solely with teenage pregnancy and care of indigents, they are now dealing with

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family dysfunction and the lack of economic stability in communities. This is leading the foundation to assess a broad range of social service delivery systems which contribute to the economic and personal self-sufficiency of people. The foundation does not want to provide services per se; it wants to be a change agent that can demonstrate new, more efficient and humane models of promoting public health.

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At the moment the Trust is sponsoring a major welfare reform initiative in Denver, to try to develop a better statewide model for delivering welfare services. The Trust has provided funding and staffed research trips to model city and state programs in other parts of the country to build a best practice approach for Denver. The Trust has also played a major role in forging a new network of real health care leaders to give advice on its grantmaking activities, and in establishing a new health insurance program for the working poor. The Trust funded market and actuarial studies early on in the process to see if a demand existed for a new health care program. To make health care a legislative issue, the Trust helped orchestrate support for a quasi-public Council of Health Policy. The blue-ribbon panel, comprised of respected health care experts and constituencies, will itself be a catalyst for change in Medicaid and other health care policies. The Colorado Trust represents one of the most innovative convenors and catalysts that we encountered in our research.

**The Center for the Improvement of Public Management at the University of Colorado at Denver** tries to promote quality public management and new forms of public-private sector cooperation. Its vehicles for this mission are training programs for management skills and leadership development; technical assistance and applied public policy research for state and local governments; and conflict management and mediation services. Like the Colorado Trust, the Center sees itself as a convenor and catalyst. Yet the Center is far more process-oriented and content-neutral in its approach to issues than the Trust, which has some policy preferences of its own. By bringing useful research to bear on a problem and bringing participants together, the Center tries to facilitate change, not push an agenda of its own.

**The Colorado Forum**, founded in 1977, is a nonpartisan group of chief executive officers of Colorado businesses that tries to forge consensual solutions to public policy disputes. The Forum itself undertakes no programs or project without a consensus of its 37 members, and they are also required to unanimously consent each year to keep the organization in

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existence. As a group of CEOs, the Colorado Forum is constantly aware of how the group's policies would affect the state's business climate. Yet they do not press an avowedly self-interested agenda, but try to assume an independent, neutral approach to issues and serve as a mediator and convenor when useful.

The group probably gained the most attention for promoting the construction of a new airport in Adams County, east of Denver. The group has also been quite active in trying to protect open lands along the Front Range, often using innovative combinations of public and private resources. The Forum has also tried to promote a negotiated settlement with Native American groups over water rights, an effort that prompted Congress to pass legislation based upon the same model of settlement. It is currently focusing a great deal of effort on improving education.

**The Piton Foundation** is a grantmaking foundation started in 1976 by Samuel Gary, president of Gary-Williams Company. Most of Piton's grants derive not from an endowment but from the annual charitable giving of Gary himself, although Piton grants are supplemented by periodic outside support, such as a large Ford Foundation grant. The Piton Foundation focuses on two main areas of action: alleviating poverty in Denver and encouraging voluntarist and community philanthropy.

At first the Foundation gave money to groups that delivered social services to neighborhoods. Quickly realizing that it could never meet the demand, the Foundation reoriented its giving to help neighborhoods help themselves. Piton tries to convene the people who can bring about neighborhood change on an issue-by-issue basis; they are not interested in working with existing government bureaucracies. It tries to break the long-term cycle of poverty by building upon the existing strengths of neighborhoods, through grants to small community groups, rather than by focusing on preconceived neighborhood deficiencies that need to be remedied—an approach that only encourages dependency and clienthood. In this conviction, The Piton Foundation is greatly influenced by the work of John McKnight of Northwestern University.

## **Indiana**

Indiana is an archetypical "rust-belt" state. It has one of the

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highest proportions of blue-collar employees of any state in the country and a rapidly aging workforce and industrial base. Indiana's challenge is to transform its economy and the attitudes of its citizenry to support a new type of business enterprise driven by more advanced technologies and more skilled workers. This transformation is complicated by the fact that, with the exception of Indianapolis, very few urban centers have developed in the state to serve as hubs for a new service-based and high-tech economy. While traditional manufacturing had been scattered across the state, these small cities and towns have not seen new industry replace lost jobs.

The legacy of a relatively prosperous manufacturing culture includes a consistent undervaluing of education. For many years, Indiana workers needed at most a high school diploma to walk into a well-paying job at a steel mill or automobile assembly plant. That is obviously not the case today, but these attitudes persist in Indiana communities. Indiana's political culture reflects the history of a relatively prosperous state of self-sufficient communities. It has long embraced laissez-faire attitudes toward business and rejected pro-active government policies to spur economic development. Yet after the painful recession of the early 1980s, the Hoosier philosophy of "whatever works is good" seemed to make more sense than laissez-faire. State leaders and the business community set about bolstering the state's economy by assessing the state's needs and planning more aggressively for its future. At one basic level the effort has succeeded: Only six communities had economic development entities in 1980, a figure that has now soared to over 130.

**The Indiana Economic Development Council, Inc. (IEDC)**, founded in 1985, represents a new sort of quasi-public entity that is coming to define public-private cooperation. Chartered and partially funded by the legislature (other funds come from the state Chamber of Commerce), the IEDC is chaired by the lieutenant governor. The Council's executive committee represents a broad, bipartisan political spectrum designed to foster consensus.

Since 1984, when it completed a 49-point strategic plan for Indiana's economic development, the organization has pursued three explicit missions: evaluating existing development programs and strategies; coordinating the activities of various groups concerned with development; and planning for the future. The Council has achieved national renown for its work as a leading-edge innovator in economic

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development. Its example has been much studied, and its structure has been closely replicated in Kansas and Oklahoma.

Most observers agree that the Council has been very successful in articulating a new vision for the state and rallying support for it. Its strategic planning is considered its most important contribution. The Council has employed some unusual strategies for getting input into its strategic plan. The Council took its draft plan out for review by local economic development leaders, holding a series of Regional Congresses in fourteen sites across the state (each site was visited twice two years apart). The Congresses worked well for the Council, especially as a consensus building process.

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The Council's work at evaluating existing development projects has been more difficult because it often made enemies. Coordination of different state development bodies has been problematic, according to various interviewees. One long-term vulnerability is the Council's failure to build a constituency base. However astute its policy analyses, the Council will not be effective over the long term if it is not accessible and accepted by the people it hopes to serve.

**Lilly Endowment, Inc.** with assets of over \$4 billion, is one of the most influential single entities in the state. The foundation has three program areas: education, religion and community development. Although it has historically focussed on the needs of Indianapolis, the Endowment is now branching into activities statewide. One key move in this area is a \$47 million grant (over several years) to establish and strengthen community foundations across Indiana. Realizing that it could never assemble the programmatic depth to work at the local level, the endowment opted for helping to develop the systemic capabilities of communities.

For all its genuine help to Indiana institutions and communities, the Lilly Endowment has not had a close rapport with grassroots constituencies. Much has changed after a series of articles in the Indianapolis Star criticized the Endowment's vast influence and secretive decision making, followed by the resignation of the Endowment's president. While trying to be more open and accessible under its new leadership, the foundation remains a major player in shaping the state's policy agenda. It has sometimes exerted decisive leverage, for example, by making grants contingent upon certain legislation being enacted. (A few years ago Lilly

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agreed to give \$25 million to help build the Hoosier Dome if the legislature would increase the sales tax on food and drink by 1%.)

**The Greater Indianapolis Progress Committee (GIPC)** is a highly successful 25-year-old public-private partnership that has survived the transitions of three mayors (Barton, Lugar and Hudnut). The organization was originally founded when the CEO of one of the city's largest banks volunteered the private sector's help to a mayor who many considered inexperienced at economic development at a time when the city was "dying." From the beginning, the GIPC has had a broad base of city leaders, from major banks and corporations to leaders of the religious groups, the educational establishment and neighborhood groups.

With an executive board of 15, an annual budget of \$210,000 and a full-time staff of four, the GIPC "identifies what needs to be done and does it," in the words of one member. The group typically works through task forces, which seek consensus on policy directions. In this manner, GIPC in the 1970s helped unify the city and county as an economic unit, broadening Indianapolis' tax base and helping to spur economic growth. Now that much of the city's physical growth objectives have been met, GIPC leaders are turning to address some of its community/social problems, like infant mortality and race relations.

In many ways, GIPC is a product of the civic culture of Indianapolis, and could not be easily replicated elsewhere without a considerable commitment toward consensus and cooperation. It has served as a convenor, advisory body, and facilitator for official government bodies, which do much of the actual implementing of programs.

### **Missouri**

Missouri is truly a cross-section of America. The traditional manufacturing of the midwest, the agriculture of the Farm Belt, the small towns and low-tech manufacturing of the South, the corporate headquarters and service centers of Fortune 500 companies—all come together in Missouri. The Missouri economy tells us a great deal about the rest of the nation. Missouri has prospered as America has prospered but now it is facing the conflicting forces of an economy that appears to be going in several directions at once. Painful job

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losses have come in many traditional industries while new growth in retirement, services, and some high-tech sectors has helped some parts of Missouri thrive.

Economically, Missouri is split into very different sub-state regions, with corresponding political and cultural gulfs separating Kansas City from St. Louis, and the Farm Belt from the Ozarks. Regionalism has become a dominant factor in Missouri's political culture, with fierce loyalties and pride in communities and a high regard for the quality of life in "my" part of the state.

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This regionalism continues today. Most people believe that the state legislature is dominated by "other" groups. Residents of St. Louis and Kansas City believe that legislature is dominated by rural interests while rural residents believe that Kansas City and St. Louis run the show. Everyone is skeptical of decisions made by state government, since nobody believes solutions were developed with local needs in mind. This dramatically affects the ability of any institution or leader to create and implement statewide solutions, since so many of the citizens are either intentionally or de facto isolated from the political process.

Understanding Missouri's political and economic context almost requires going back to the Civil War days. Two forces defined the state at that time: first, westward expansion and the rise of St. Louis as a major American city; and second, the Civil War itself, which divided the state and rendered many of its citizens permanently distrustful of government.

The St. Louis area—as an historically important point of commerce nationally—has often viewed itself as separate from the rest of Missouri, dealing with 'internal' political issues like city vs. county splits (the City of St. Louis is a constitutionally independent entity from the county) and Missouri-Illinois regional issues (about one third of the metro population is located in Illinois). To some extent, the same has been true of the Kansas City area, where the city and county are separate and there are Missouri-Kansas regional issues.

Missourians' general distrust of state government stems from two influences. First, much of rural Missouri was settled by persons who were were land squatters from Kentucky, Tennessee, and southern Ohio. Land thievery, enforced by

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organized vigilante activity, was the dominant mode of settlement; settlers were understandably reluctant to come into contact with any governmental oversight that may reveal false land claims. The second influence was the Civil War itself. The governor and all the elected officials were Southern sympathizers who absconded with the State Seal and other official trappings of government when the war broke out, setting up a 'government in exile' while the state officially remained a part of the Union. Public confidence in statewide officers never recovered.

**Kansas City Consensus and Confluence** St. Louis are citizens organizations modeled after the Citizens League in Minneapolis/St. Paul. Their missions are to improve the quality of life in their metropolitan areas. They also attempt to improve the quality of public discourse and raise the involvement of citizens in public affairs. Consensus and Confluence work to accomplish this through meetings, public forums and smaller study groups by members. They choose topics for analysis through an Issues Selection Committee, attempting to take on issues where they feel they make an impact. In Confluence, each report has its own Implementation Committee that works to see the recommendations put in place.

Confluence has been active in county government reform, solid waste disposal, low-income housing initiatives and race relations. Many Confluence study recommendations focus on consensus-building among government, business and non-profit institutions. Out of Confluence's low-income housing report, for instance, a Regional Housing Alliance was formed with representatives from government agencies, policy experts, local developers, and other private-sector groups.

Consensus has taken on issues like leadership development, racism and education improvement.

Recently, the two organizations worked together on a report on the status of funding for higher education in Missouri—their first effort to take on a statewide issue.

**Missouri Rural Innovation Institute (RII)** is a non-profit educational program run out of the University of Missouri Extension. The Extension has historically been the service arm of the University focusing on issues of rural development and agricultural assistance. The mission of RII is to

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empower rural communities and provide the technical assistance to help them develop, also acting as a catalyst to transfer innovation to rural communities

RII's capacity building work includes both leadership development and business development. RII and the Extension have developed EXCEL, a leadership training program for rural communities. RII has also established a resources referral hotline for the private sector and provides rural businesses with marketing assistance and access to the latest thinking in economic development.

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One of RII's major goals is to break the cycle of dependency within rural communities and to do more "visioning" with communities. To help rural leaders learn more about public policy issues affecting their communities, RII organizes seminars to serve as forums for discussion and education. The group also helped organize the County Health Project in eighty counties across the state to help county leaders come up with plans of action for improving health services.

**Institute for Policy Leadership (IPL)** is a non-profit organization affiliated with the University of Missouri at St. Louis and the James T. Bush Sr. Center for Public Policy. It was founded in 1989 by Harriett Woods, the former lieutenant governor of Missouri. The Institute has one advisory group, with representation from all sectors, and is dedicated to building more effective public decision-making, especially in the state legislature. The IPL helps legislators examine and improve the way they make public policy decisions, while also trying to reform the structures and operating procedures of the legislature to help it reach consensus.

One of the Institute's chief goals has been to expand communications between rural and urban communities, especially among legislators. To identify the issues important to these two groups the IPL conducted a poll of urban and rural citizens. One finding was that many of the same problems affect both types of communities, suggesting that there may be common solutions as well. IPL then sponsored a conference, "Breaking Rural/Urban Barriers to State Policy-making", designed to break down the preconceived notions each group had about the other's interests.

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The Institute undertakes four general areas of activity to break down barriers to effective state policy-making: 1) developing better information through study groups, reports and conferences; 2) educating the media about rural and urban legislative concerns; 3) helping set a statewide policy agenda; and 4) improving the internal operations of the legislature and state agencies by creating oversight committees.

### **Mississippi**

Mississippians know they are behind and need to catch up. The state's leaders now realize that Mississippi's political and economic culture has perpetuated a poor, low wage economy amidst thriving sister states in the south, and a new generation of state and local leadership is addressing the problem.

In many ways, Mississippi is one of the last outposts of low-wage manufacturing in the nation. A much higher proportion of the state's population is employed in manufacturing plants than in the rest of the U.S., and commercial and subsistence farming still occupies much of the population. Mississippi is the most rural state in the country, lacking major urban commercial centers.

Mississippi pioneered industrial recruitment of low-wage industries from the north a generation ago. Today it sees its chief challenge as the development of the the human capital, community resources and amenities needed to support higher value-added manufacturing and service industries. It has had some recent success in luring very high-technology production firms to the state.

Mississippi has a constitutionally weak state government, and lacks strong statewide organizations that can articulate and act on a vision of economic development. There is a split between local white elites who constitute an "old guard" and others who have the benefit of a broader perspective. Local interests dominate both state and local government. Given the weak gubernatorial system, the state legislature exercises tremendous influence but is not widely seen as progressive. Historically, the legislature has dominated independent boards and state bureaucracies such as transportation and education, which consequently operate as separate fiefdoms from the executive branch. Local conservatives often look

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askance at statewide activism in economic development because it threatens their power bases. The result is the need for the most basic new coordination of state policy-making.

Another abiding tension in Mississippi is race. Deep racial splits continue to define life at the state and local level. Even today, two separate universes in local communities, white and black, endure side by side. Except in some areas of the Delta where Blacks outnumber whites, black leadership still operates outside the normal channels of local officialdom. Even in the Delta a few white elites often dominate the local scene. Statewide there is acknowledgement that efforts must be made to address the issues.

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A striking feature of Mississippi is the relative lack of pioneer organizations with statewide impact. The state has several powerful business groups that involve themselves in public policy issues: the Mississippi Economic Council, the Business and Industry Political Education Committee and a new and as yet untested group, the Public Education Forum. Yet, these groups have not taken on the broad development agenda that their counterparts in some other states have. Some Mississippi foundations, most notably The Phil Hardin Foundation, play important roles in advancing the needs of the people and communities in the state. Those foundations were not interviewed for this study.

Despite the relative lack of state-level policy institutions, Mississippi has two of the country's leading community development organizations, **Mississippi Action for Community Education (MACE)** and the **Delta Foundation**. MACE is an unabashed policy advocate and thus more of a pioneer in our sense of the term. The Delta Foundation is an innovative community development organization more directly concerned with job creation and enterprise development.

**MACE** was created in 1967 by a group of fifteen local civil rights activists from predominantly Black and poor rural communities of the Mississippi Delta. MACE is governed by a fifteen member Board of Directors who are elected by the boards of directors of local membership-based organizations from throughout MACE's fourteen-county service area. The activists who established MACE wanted to help community residents transform hard-earned civil rights and political gains into lasting educational, economic and social benefits. MACE works particularly to help poor and mostly black

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residents of the Delta to improve their lives by: advocating for economic and human development, developing the human and institutional capacity to make improvements and developing the physical infrastructure and housing that residents need to realize their potential.

MACE's community development strategy is based on two simple premises about the community development process and how it works: 1) people build things, things don't build people; and 2) people learn best how to help themselves by trying and doing for themselves. Therefore, the nucleus of MACE's strategy is the development of indigenous human and institutional capacities within local communities.

Over the past two decades, MACE has played a major role in bringing about many of the institutional changes that have taken place in the Mississippi Delta. Its major accomplishments include leadership development training to community organizers; the development and ownership of two hundred and fifty-two units of decent and affordable housing for low-income, elderly and handicapped persons; loans to black-owned businesses, and grants to emerging community and neighborhood-based organizations.

In addition, MACE has employed sophisticated strategies to help black communities understand and benefit from their legal rights. For example, MACE used the Fifth Circuit Court of Appeals 'Hawkins v. Shaw' ruling to assist low-income blacks in sixteen Delta municipalities to secure approximately \$17.3 million in vitally needed services (water and sewer systems, streets and drainage, and fire and police protection), which previously existed only in the white community. Similarly, MACE provided technical assistance and financial support to help several communities incorporate as towns under Mississippi law and to secure \$31 million from public and private sources for previously nonexistent basic services and facilities. As these achievements reflect, MACE is extraordinarily effective in helping economically and socially disadvantaged persons climb out of poverty.

**Delta Foundation, Inc.** was formed out the desire of black communities in the Delta to create a united political front on economic development. Frustrated with the experience of the 1960s, where voting rights, housing rights, and anti poverty campaigns were fought community by community, black leaders wanted one instrument to lead economic development battles. Delta Foundation was established as an

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umbrella organization through which a single crusade for job creation, economic development and human services could be orchestrated. The Foundation received early funding support from federal and foundation sources and only limited state support and interest until recently.

While the Delta Foundation continues to operate as an umbrella group for a variety of development activities, it also directly oversees the Delta Enterprise and Delta Development and Management Companies, which are concerned with entrepreneurial development and plant ownership. The foundation's goal is to be a catalyst to lead blacks into owning, developing and operating their own businesses.

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Drawing on various combinations of resources, Delta started its own businesses, many of which have failed. An electrical shop, garment shop and folding attic-staircase maker are businesses that have survived. Delta's other strategy has been to assist entrepreneurs in developing support businesses to serve these core factories. Their success has been mixed so far and they see a real tension between creating jobs and generating enough profit so that the enterprises remain viable over the long term.

**The Leadership Mississippi Alumni Association (LMAA)**, is with 500 members, a leadership group that has some potential to evolve into a state policy group of organized influence. The group is the offspring of the Mississippi Economic Council and state Chamber of Commerce's leadership training programs. Any graduate of these programs is welcome to join the LMAA. The organization started as a way for people to stay in touch with each other and acts as a loose network of like-minded individuals that occasionally mobilizes on an issue.

Once the Association's Advocacy Committee decides to take on an issue, the network of alumni, widely and strategically dispersed in Mississippi business, government and education sectors organizes to lobby promote that issue. Occasionally the issues tackled have challenged some of the entrenched interests in Mississippi, particularly on reorganization of county government and education reform. The LMAA was influential in developing the statewide kindergarten legislation in the early 1980s. Also their report, Mississippi 2000, articulated Mississippi economic and human development challenges, leading to several legislative enactments in recent years.

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Once mobilized, the LMAA is a very influential network. However, since it does not represent the interests of any one sector, it cannot take a stand on some issues that divide the group, such as tort reform, for example. And its loose organization and lack of a comprehensive agenda mean its impact is more sporadic than consistent.

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**Innovative Pioneers in Other States**

In the course of our research and interviewing, the names of several organizations kept cropping up as particularly vigorous and creative pioneers.

After careful consideration, we selected five of these organizations—all of them located outside of the five states we had selected—to explore their special models of community development.

**Pittsburgh: The Allegheny Conference on Community Development**

Since 1943, the Allegheny Conference on Community Development (ACCD) has been one of the premier business advocacy groups in Pittsburgh. From its earliest days combatting air pollution and floods—then two major problems facing the city—to its work in the 1960s and 1970s providing minority loans, community block grants and training programs, the ACCD has been the embodiment of enlightened corporate citizenship. For the past decade or more, the ACCD's primary focus has been economic development in its fullest sense: infrastructure, downtown revitalization, quality of life issues and education.

Because the ACCD's 35-member Executive Committee is restricted to chief executive officers of companies, the organization naturally has a great deal of influence in the city. With a full-time staff of ten people and profuse connections among Pittsburgh's movers-and-shakers, the organization commands a great deal of respect. In pursuing its projects, the ACCD makes a point of consulting a range of different constituencies—what its director calls the "everyone at the table" approach. Yet as its board membership suggests, ACCD decision making usually reflects, or is not inconsistent with, the business agenda for development.

Unlike some pioneers, ACCD has the stature, resources and political influence to get things done. Its current projects

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include: a for-profit seed fund to increase investments made to early stage companies (a project that has yielded over 90 new jobs and business investments of \$21 million); a program to increase technology transfer from area universities to the private sector (237 R&D projects have benefitted over the past three years); an international trade promotion program; a technical assistance program to help small and medium-sized business win government procurement contracts; a regional jobs training program (resulting in worker placements to 1500 job openings since 1987); and advocacy for improvement of the city's airport, public transit, and road and bridge renovations.

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### **Minneapolis: The Citizens League**

In the spirit of the League of Women Voters, the Citizens League is a nonpartisan "good government" group that tries to provide objective research on current issues facing state policy makers. The Citizens League has no fixed political or ideological agenda. Indeed, it prides itself on its open-minded consideration of issues on a case-by-case basis, and strives mightily to exclude special interests which might try to subtly influence its fair-minded approach to issues. In recent years the Citizens League has issued studies on early childhood development, parental choice of public schools, taxation of nonprofits, and the role of the Metropolitan Council.

In its forty-year history, the Citizens League has earned considerable credibility as the voice of "concerned citizens"—the public at large. The group has had only three leaders since 1955, making for great organizational stability and continuity. Apart from the Chamber of Commerce and the Minnesota Business Partnership, the Citizens League is one of the few non-governmental bodies in the state equipped to make sophisticated analyses of issues. One reason for the durability of the Citizens League, certainly, is the remarkable public-spirited civic culture of Minneapolis. Also, the group is respected for its well-researched, objective reports and temperate advocacy. Angry confrontations with power holders are generally avoided.

Recently, the Citizens League has been grappling with a changing political climate. Its director laments that the group is having a harder time promoting its recommendations among state legislators because special-interest lobbying has intensified. Legislators respect Citizens League positions, but admit that they are not necessarily swayed because the group does not command great electoral clout.

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In membership and management, the Citizens League is, as claimed, a citizens' organization. It genuinely tries to be fair-minded and to pursue the "common good." Yet the group does accept corporate contributions for occasional projects, as long as there is no conflict-of-interest—a practice that is waning as corporate money dries up and the group seeks a stronger membership base of support. With an annual budget of only \$560,000 (1989), this is a significant ongoing challenge.

**Topeka: Kansas Inc.**

Kansas Inc. is a quasi-public organization established by the state legislature in 1986 to guide the state's economic development. In many respects, Kansas Inc. undertakes many of the functions a state department of commerce might undertake: strategic planning, policy research and advising, and coordination of state, local and private development activities.

It differs in being answerable only to the Governor, the legislature and especially the private sector. The majority of the 15-member board is comprised of private sector representatives, with seats guaranteed for various state industries—oil, gas, financial services, aviation, etc. The remainder come from the legislature and various other state constituencies such as labor, education and the state cavalry. Formal affiliations with community-based groups are minimal to nonexistent.

Kansas Inc. is strongly committed to a capacity building approach to assumptions about development—that local implementation is critical; that non-metro communities need special attention; that economic and human development are interrelated; and that the development should focus on people and existing resources, not smokestack chasing. Accordingly, the group has concentrated much of its work on the quality of the state's workforce, schools and job training.

Largely because of its quasi-official status, its ready access to policy makers and a \$500,000 budget, Kansas Inc. has had a considerable impact.

Although it is legally a 501(c)(3) organization and therefore prohibited from lobbying, the group's views are highly influential. Based largely on its recommendation, the state legislature approved an additional two-year, \$30 million

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appropriation for higher education. Kansas Inc. also was instrumental in creating a Governor's task force to help coordinate state economic and human development programs (which the Kansas Inc. director then chaired), and has helped coordinate the job training programs of various educational institutions.

In promoting rural development, Kansas Inc. has pushed for a rural health office in the state bureaucracy and special state funding to help rural counties organize their own development programs. The group has also performed high-quality research on a variety of state issues, from taxation to hog farming, from value-added manufacturing to small business financing. As a smart, knowledgeable group, Kansas Inc.'s greatest strength may be its access to key decision makers and the savoir-faire to get things done.

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**Augusta: Maine Development Foundation**

Founded in 1977, the Maine Development Foundation (MDF) has been a highly successful business/government partnership in promoting community development. Like Kansas Inc., the MDF was created by the state legislature. Its board, however, represents a more equal balance between public and private sectors, with seven members coming from businesses and seven from the public sector (two of which are appointed by the Governor).

In its first five years, the MDF focussed on traditional economic development approaches, such as the recruitment of new industry to Maine. Then in the mid-1980s, it shifted emphasis to long-term investments in community development—education, health care, and human and physical infrastructure. Shrewdly, the MDF has deliberately sought out problems and issues not being addressed by other state agencies or business groups. As a result, the MDF's projects tend to be more innovative and interesting.

The MDF has a rich history of creating and incubating new programs until they are capable of sustaining themselves. Then they either become stand-alone institutions or projects affiliated with existing groups. Through its Institute on the Maine Economy, the MDF also spends a great deal of time helping state legislators learn about the development problems of areas of Maine outside of their electoral districts. It also sponsors symposia to let public and private sector leaders trade information and views on the Maine economy.

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Recently, MDF has created a permanent organization, The Maine Aspirations Foundation to be a catalyst for the introduction and replication of creative programs to help Maine youth raise their personal expectations, improve academic performance and expand educational and career choices.

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With annual funding of \$1.1 million (1989) and a full-time staff of eight, the MDF has the institutional resources and clout to initiate significant "top-down" policy initiatives. Only \$250,000 of the organization's budget comes from the legislature; the remainder comes from private sector matching funds collected through a dues/membership fashion. (Dues are based upon a company's assets, number of employees, etc., and are automatically increased by an average of 15% each year.) Although the private sector is the predominant voice on the MDF, the organization sees its primary mission as opening channels of communications among different constituencies as a way to facilitate change. It is a pioneer of exceptional creativity and impact.

**Raleigh: North Carolina Rural Economic  
Development Center**

In only four years, the North Carolina Rural Economic Development Center (NCREDC, or Center) has established itself as an imaginative, dynamic catalyst for rural development. Like the other quasi-public development entities in Maine and Kansas, the Center is guided by the state's top political and economic decision makers. Its 41-member board is appointed by the Governor (3), Lt. Governor (3), Speaker of the House (3), and by various rural development organizations throughout the state (agricultural interests, banks, foundations). The legislature provides roughly half of its annual budget of \$2.1 million (1989), which supports a full-time staff of ten and five project sub-contractors.

The Center actively tries to change how state policy and legislation will affect rural areas, through its many reports and by helping to empower grassroots organizations. It emphatically takes a long-term perspective of rural problems, and grapples with issues beyond agriculture, such as rural poverty, illiteracy, small business development and the erosion of the rural manufacturing base. Four of the Center's distinct program areas are business development, human resources, natural resources, and infrastructure.

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Most of the Center's influence comes from its in-house and sub-contracted policy reports, although it also sponsors new development ideas through a small grant-making program. A more subtle source of influence has been its board, which often takes the Center's policy ideas and advances them through the legislature. Simply by generating new and reliable information about rural issues, the Center has significantly altered the "political ecology" by which rural policies are forged. Yet however catalytic its information, the Center is not in the business of pushing for systemic change in the state or directly building grassroots political strength. It serves more as a facilitator, advisor and clearinghouse.

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Although it now receives state appropriations, the Center was founded with support from the Z. Smith Reynolds Foundation and MDC, Inc. a North Carolina-based policy intermediary. It has sometimes been seen as a policy institute for "Democrats in exile." (A Republican was then Governor.) The views of the Center have occasionally caused tension between it and the state Department of Commerce, which has occasionally resented state support of the Center (in a time of declining state revenues) for functions that it believed were its responsibility.

The Center has pursued a sophisticated organizational strategy, perhaps due to its foundation connections and its use of a full-time public relations consultant. Its director makes dozens of speeches a year; its newsletter has created a new network of rural groups and visibility for their issues; its ability to make small grants has enhanced its power and image; and its leadership development programs for rural leaders have more than 160 enthusiastic alumni. As one of the few policy institutes devoted exclusively to a state's rural problems—a mission pursued with creativity, energy and adequate resources—the Center could be considered a cutting-edge pioneer.

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## Chapter 4

# Varieties of Pioneer Leadership

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## Chapter 4

In reviewing the experience of twenty-seven pioneers, we found two primary types of leadership: The Advocates and The Consensus-Builders. No pioneer is strictly one or the other, of course, but most organizations seem to place greater emphasis on either advocacy or consensus. The Advocates actively promote their own specific policy agenda, usually on behalf of a specific constituency. The Consensus-Builders, on the other hand, seek to bring different constituencies together to devise and mobilize support for new development strategies. The Advocates are more likely to be aggressive and confrontational, since their ultimate priority is their own members; the Consensus-Builders are more likely to be diplomatic and conciliatory, since their ultimate goal is achieving agreement among existing leaders to move forward.

We do not endorse one style of leadership over the other; both are indispensable to a robust civic culture. Still, each has its own strengths and limitations for advancing a new development agenda.

### The Consensus-Builders

The decline of the old-boy system of community governance left a void that has never really been filled. At their favorite clubs or restaurants, the institutional leaders of a city or state once met to trade information, broker deals, and plan the future. Frequently, no equivalent forum exists for the decentralized constituencies who demand a role in government decision making today.

As the smoke-filled backroom has been supplanted by broader democratic participation, the dilemma in search of a solution is: How can diverse constituencies be heard, their arguments evaluated, and necessary compromises struck so that a coherent, sensible vision of the future can be pursued? Of our twenty-seven pioneers, we identified three general types of consensus-builders who provide new vehicles for extra-governmental information-exchange and politicking: the Convenors, Catalysts and Doers. We propose these labels as useful simplifications for denoting points along a continuum.

**The Convenor.** An ingenious, often effective vehicle for forging a consensus is the "convenor," whose primary

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purpose is to bring together disparate leaders of a community. Sometimes such gatherings are necessary for specific, instrumental purposes: How should this or that project proceed? Should this specific legislation be supported? But at other times informal gatherings are necessary simply to get a sense of where different leaders stand: What positions might their constituencies support? What contingencies might make a proposal acceptable? In states where the civic culture is fairly underdeveloped—that is, where the traditions or natural forums for such political shop talk are absent—Convenors can play an important function.

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In Missouri, the Rural Innovation Institute of the University Extension realized that rural leaders do not have natural forums for discussing policy issues that affect their communities. The Institute's useful response was EXCEL, a leadership training program. No specific agenda is promoted; rather local leaders are given the chance to think in a more focussed, informed manner about state development policy. Sometimes the effect is to break down stereotypes and open up new vistas of political action. In Missouri, the Institute for Policy Leadership had this goal in mind when it convened a conference for rural and urban legislators. The idea was to show both parties how the economic and social systems of rural and urban Missouri are interdependent, and how a more equitable state policy would not only be fairer but more effective.

Convenors try to invigorate the political process simply by bringing people together and exposing them to new perspectives. That is the goal of the Maine Development Foundation's Institute on the Maine Economy. Through a series of symposia and forums, the Institute helps state legislators learn more about the economies of regions outside of their electoral districts. Although the MDF is particularly mindful of business' needs, it is broadly concerned with opening up channels of communication to all constituencies of the state.

The need for new forums to exchange information and views is particularly acute where divergent civic cultures coexist in a single state. In Colorado, for example, people of the Front Range frequently disagree with residents who live anywhere else in the state. Acting as a facilitator, the Center for the Improvement of Public Management and the Center for Public/Private Sector Cooperation (both at the University of Colorado-Denver) are trying to remedy this deficiency in the

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state's civic infrastructure by teaching leaders the skills of negotiating, coalition-building and other process-oriented skills. In a similar fashion, the Wilowe Institute of Arkansas convenes constituencies through its annual conferences and other forums. Although it focuses on long-term trends (education, technology, leadership) Wilowe's more effective gatherings are those that follow its annual meetings to pursue a specific, action-oriented agenda.

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**The Catalyst.** Another breed of Convenors—Catalysts—wants to do more than to bring diverse leaders together; they want to stimulate action, in a nonpartisan manner. These pioneers are not entirely neutral in that their members often have partisan backgrounds. An example is Colorado Forum—a group of CEOs. Despite their partisan proclivities, Catalysts strive to approach issues in a rigorous, fair-minded way without letting their personal self-interests dominate. Their institutional self-image dictates that they build credibility by presenting themselves as sources of reliable, objective information. Yet this commitment causes a fixed, unresolved tension with the Catalysts' penchant for partisan activism.

Catalysts are not as disinterested as Convenors, who seek only to bring different parties together. Catalysts often do have an agenda which they advance, when possible, through nonpartisan means. They clearly want to provoke others to think in new ways, and take action. The Colorado Forum, for example, sedulously hews to a neutral approach to issues. Yet on some issues it has been quite active, such as trying to protect open lands along the Front Range and to negotiate water rights settlements with Native Americans.

One way that Catalysts can ostensibly remain neutral yet still advance a partisan agenda—without lobbying or outright advocacy—is through the political connections of their board members (with the legislature and other policy elite) and through grants to contractors for research and demonstration projects. In this respect, the North Carolina Rural Economic Development Center has been a masterful Catalyst, championing a number of issues such as rural poverty, literacy, and small business development.

The Colorado Trust is also a premier Catalyst. It tries to bring people together and then provide a spark to ignite action. It has distinct policy preferences on all sorts of health care issues, yet it is not a brazen advocate. Through its

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grantmaking, the Trust tries to educate others and prod them to take action, while stopping short of outright lobbying and electoral activism.

When Catalysts openly try to promote a specific issue, they leverage their credibility as non-political organizations and flirt with real advocacy.

This is not necessarily good or bad, but it does introduce new political complexities for the group because they are often seen (correctly) as "taking sides." A good instance of this is the "choice" education initiative waged by the Citizens' League of Minneapolis. The League was the driving force behind the state legislature's passage of "choice" legislation, which lets parents choose which public or private schools to send their children to, using state vouchers. Although the Citizens' League takes great pride in its high-minded, objective evaluations of policy, in this case the organization functioned more as an Advocate (see below). This is not to say whether the League's advocacy was proper or not; the point is that nonpartisan Catalysts who venture into advocating may do so at the expense of their "neutral" image. It can be an extremely effective strategy, but only if used sparingly.

**The Doer** is a Convenor and a Catalyst with one significant difference: It usually has the sheer power, resources and sophistication to get things done. Doers do not simply want to host forums or act as catalysts. They want to directly instigate and bring about change. They may have a specific development project in mind; they may seek to promote a comprehensive development strategy for the future; they may want to change government policy through their recommendations or task forces. Whatever the goal, they want to bring about change.

We identified two types of Doers: the business alliance and the quasi-public corporation. The former includes such groups as the Greater Indianapolis Progress Committee and the Allegheny Conference on Community Development. The most effective Doers in the latter category are the Indiana Economic Development Council and Kansas Inc. Because the business-dominated Doers are not constrained by a legislative mandate—they are wholly voluntary groups—they tend to have greater political leeway in what they research, recommend and promote. The quasi-publics exist in a more complex public/private framework, and must serve

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mandated public needs, private sector desires, while also adhering to any applicable statutes (e.g., civil service, freedom of information) governing their operations. Despite their varying organizational structures, both types of Doers represent the single most prestigious gathering of the state's (or city's) top institutional leaders.

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Doers tend to be dominated by the traditional power elites of a community or state, although a smattering of other constituencies of proven respectability are usually on their governing boards as well. As such, Doers are more closely identified with the business agenda (to the extent that there is one) than other pioneers. Although it may resemble the Advocate, the Doer operates in a very different manner. Instead of advocating the special agenda of a constituency, the Doer pushes an agenda that ostensibly serves the entire community through consensus-building.

In some ways, the Doer is today's institutional heir to the old-boy network of the past. It strives to include everyone who is "important," i.e., everyone who has some measure political or economic influence. What differs is the system for soliciting everyone's views, discussing them and building a new consensus. It is more formal, ritualized and quasi-official than the smoke-filled backrooms. Once a consensus is achieved—to renovate the local airport (Allegheny Conference on Community Development), to spend more on higher education (Kansas Inc.), to develop a strategic development plan (Indiana Economic Development Council)—the Doers' decision can be announced to the politicians, who will be predisposed to carry out the Doers' wishes. If a Doer is governed by friendly parties, its consensus-building is extremely useful to a mayor or governor. It allows politicians to assemble a consensus without expending their own political capital to do so.

As important as consensus is to long-term economic development, it is important to recognize its limits, at least as practiced by Doers. By establishing their own semi-private forums and decision making councils, the Doers represent a privatization of public policy making. The only public input comes through representatives of existing groups, who may or may not truly speak for their constituencies, let alone other citizens who may not have organized representation at all. Where autonomous grassroots constituencies are not organized and represented, consensus can serve merely to broker the interests of those who already have a place at the table.

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In such circumstances, consensus-building may have as much to do with expediency as principle. As business-dominated groups, Doers realize the importance of building a certain legitimacy for their recommendations. Their outreach to reputable, non-business constituencies helps achieve this public support for a business/institutional agenda.

This may overstate the case, because a great many development projects (better schools, quality of life improvements, etc.) have a genuine appeal to all sectors of a community. Nonetheless, business Doers generally will not welcome development proposals that might place greater burdens on businesses, such as higher taxation or unfavorable reallocations of state monies. They tend to have a special interest in business-specific projects (technology transfer, small business development, export promotion), or large civic projects that will clearly benefit businesses (i.e., investments in physical infrastructure). To the extent that Doers dismiss certain development policy options from the start, the consensus they forge may not truly reflect the desires or needs of underrepresented constituencies.

Given the leadership void that afflicts many states and cities, this business-oriented approach is probably more the norm than the exception. At the same time, the consensus-building that Doers sponsor may indeed represent a significant improvement in the civic culture. Certainly it is often effective. New research and policy analysis can be generated; new synergies among groups can result; new visions for the future can be forged. The Greater Indianapolis Progress Committee (GIPC) has been a vital civic resource for its city over the course of three mayors. It has been able to do the necessary long-term research and strategic planning, and to orchestrate the support of key institutional players. And the city and state have prospered as a result. But now that the physical infrastructure needs of the city have been largely met, even the GIPC realizes that it must now attend to "the spiritual growth of the city." This may be another way of saying that the GIPC's institutional players must reach out to the disenfranchised of the city; the "consensus" must be broadened.

Although Doers such as the GIPC work chiefly through top-level institutional initiatives—not through grassroots contacts among ordinary citizens—they have the potential to strengthen the bonds of community that John McKnight speaks of. Getting different constituencies together to listen to each other and work for a common cause builds

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community. The risk (perhaps more serious for the state-level Doers, who do not have as extensive grassroots contacts) is that Doers might come to believe that their potent institutional representation is the community. Such hubris can only result, eventually, in misguided development initiatives that will not be embraced—and may even be resented—by the citizenry.

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It is worth noting another inherent limit to consensus-building. It just may be that the parties brought to the table may have widely divergent—and irreconcilable—views. Consensus may be impossible. One can imagine the difficulties of forging a statewide consensus in Colorado, where the Front Range and the rest of the state have such different cultural and political sensibilities. Another limitation of consensus-building is the danger that it will ratify the least-common-denominator viewpoint. As a private organization committed to consensus, a Doer does not have the leverage over its members that a governor or state majority leader does. A Doer may end up endorsing an inoffensive, prosaic strategy rather than take the risks of leadership on behalf of a bold new approach.

Notwithstanding these limitations, the Doers represent a potent, usually salutary, influence on the civic culture of a community, town or state. They are a crucible for focussed research and action. They constitute a forum that has no ready substitute in the legislature or elsewhere. If attentive to the breadth of their representation and the limits of their power, Doers can be a transforming breed of pioneer.

### **The Advocates**

In promoting a new development agenda, some of the most ambitious innovations seem to originate with the Advocates. The Advocates we encountered were chiefly grassroots organizations and foundations. (An exception was the Arkansas Business Council). In our topology, Advocates differ from the Doers by their open allegiance to a single constituency. As a grassroots organization, the Advocate provides membership service and a public voice. As a foundation, the Advocate selects a set of causes that it seeks to advance.

Although Advocates usually try to work with other political players, they are not committed to consensus at all costs. Their primary concern is to propel their constituents' agenda into the mainstream, by building their own organizational

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capacity and leadership. Almost by definition, Advocates are insurgents. They work on the fringe of the mainstream, trying to change the very character of it through their advocacy.

Five pioneers from our sample stand out as bold and resourceful advocates: the Arkansas Land and Farm Development Corporation (Arkansas), Winthrop Rockefeller Foundation (Arkansas), The Piton Foundation (Colorado), Mississippi Action for Community Education (MACE), and Lilly Endowment, Inc. (Indiana). These Advocates are strongly committed to founding and/or building grassroots organizations, so that they can be self-sufficient, independent voices for their constituencies. (An exception to our rule: Lilly Endowment is clearly an Advocate, but it works for change within the mainstream political consensus. As a wealthy foundation, it has the enviable freedom to choose its own agenda, constituencies and strategies.)

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The ALFDC was the strongest, most durable grassroots membership group we studied. It has earned a state and national reputation for its informed advocacy on rural and agricultural policy. Indispensable to its strength are its well-organized grassroots membership, clear partisan agenda, and effective membership education and public outreach. The ALFDC is the quintessential "bottom-up" Advocate, as Calvin King, the group's executive director, explains: "All of ALFDC's growth comes in response to the needs of the people it serves. What they hear through ongoing workshops. ALFDC then gets the people's voice funnelled back to the national and state level through advocacy, testimony, etc."

We found much to admire in the ALFDC because of its savvy in linking top-down institutional policy reform with bottom-up constituency building. The ALFDC has learned the lesson that Franklin Roosevelt once dispensed to a business lobby: "Gentlemen," FDR told them, "there is no need to take further time with this. I am already in agreement with your position, and would like to help. Now, go out and bring pressure on me." The ALFDC understands that change does not necessarily come about simply because one might have a superior policy analysis. **Systemic change requires a community-based, constituency-based grassroots organization capable of independent leadership, research and analysis, and political/electoral pressure.**

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Unlike the consensus-builders, Advocates like the ALFDC are struggling for their own place at the table. If the ALFDC did not exist, it is questionable whether the state's Doers (if there were any) would invite rural farmers to be a part of the consensus-building process. By building a new network among an otherwise isolated, disenfranchised constituency, the ALFDC plays a role that institutions, with their "top-down" orientation of change, cannot achieve.

Activist/consultant Si Kahn notes the difference between institutions and organizations: the former have no members and no accountability except to their self-perpetuating boards; the latter have members and a leadership that is accountable to them. This distinction between an institution and an organization can be critical, notes Kahn, because:

*"When the goal is to involve people in the democratic process, an institution is not as effective as an organization. It cannot as effectively recruit and develop the members and leaders who form a pressure base for public policy change. It will rarely involve large numbers of citizens on a continuing basis. And it will only occasionally develop and implement broad and diversified grassroots fundraising programs, most of which depend on large numbers of members for their success."*

The shortcomings of institutions in affecting development policy changes can be seen in the experiences of Sam Walton's Arkansas Business Council, the group of CEOs, which relied too much on the belief that its board members' power and connections alone could effect change, without having to engage in messy interactions with a grassroots constituency. Small business and communities alike perceived the ABC as elitist, a crippling liability for any player in the democratic process.

The lack of a constituency and thus a source of accountability also plagued the Lilly Endowment's advocacy. When a series of newspaper articles described the secretive ways in which the foundation was wielding its immense power, its motives and legitimacy were called into question. The Lilly Endowment has since become more accessible to the public and press, and has expanded its grants to more community-based groups to build their organizational capacity. It is giving \$47 million over several years to create and strengthen community foundations throughout Indiana in an effort to build local capacity. In this way, the Endowment has finessed the conundrum that really afflicts most foundations: Who are a foundation's real constituencies, and how can it demonstrate its accountability to them?

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Our sample of pioneers included three additional Advocates of a very special sort: the Citizens' League and the two groups it inspired, Confluence St. Louis and Kansas City Consensus. As noted earlier, these organizations do not have a philosophical or ideological agenda. Instead they want to improve the functioning of government through neutral, objective research and nonpartisan advocacy. Since their constituency, the general public, is an abstraction, they do not have the same form of direct accountability that, say, the AFLDC has to its membership.

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This is borne out by the almost arbitrary manner in which the Citizens' League and its colleague-groups select their issues. Their issues have range from toxic waste to education to literacy to structural unemployment. All are important issues, but lacking a coherent ideology (in the neutral sense of the term) there is no self-evident "citizen" perspective on these issues. Thus the Advocacy of the citizens groups we studied is constrained largely by self-perceived standards of credibility: Will advocacy on one issue or another prompt the public, press or politicians to think that the group has become unseemly partisans?

Important as these citizen-advocates are, their advocacy has inherent limitations. Because they do not have a direct constituency that can be directly mobilized for lobbying or elections, they cannot compete as well in hard-core politics. This is proving to be a liability for the Citizens' League, whose director complains that the mobilization of special-interest lobbies at the Minnesota legislature in recent years has weakened his organization's clout. Another limitation of the citizens' groups is almost epistemological. Since their policy positions often derive from the perceived credibility of their policy positions—rather than from what their constituents might want or need—the citizen organizations are predisposed to avoid risky leadership. With good reason: no real constituency (which can be identified and mobilized) stands behind them to back them up.

The presence of strong grassroots organizations helps ensure that people's genuine concerns are heard and taken into account by decision makers. The outcomes of any consensus-building will be challenged as illegitimate if the participants sitting at the table are mostly institutions (without members). It is important for a civic culture to have flourishing organizations (with members), and thus leaders who have meaningful accountability to large groups of people. The more organizational voices heard in a community, the more

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likely that the ultimate development plans chosen will satisfy community needs. It bears noting, as well, that the stronger the array of organizations, the more likely that John McKnight's vision of community will be fostered. Institutions do not necessarily have to meet the authentic needs of people in order to survive and flourish. Organizations do. Development policy should recognize that organizations offer both a rich source of insight into community needs and a way for people to directly create community.

Advocates are one of the associational organizations that are key sources of community consent. As John McKnight points out, they have greater flexibility and responsiveness than most institutions. They are instruments of participatory citizenship. Their vitality comes from the consent of their members and their mutual affinity for each other—unlike institutions, which do not necessarily earn the consent of those it controls. Building the long-term capacity of grassroots organizations is a more formidable challenge, to be sure, but such groups play an important leavening role in development policy. Their needs deserve special attention.

### **Organizational Challenges Facing Pioneers**

Although some pioneers have greater resources and expertise than others, all face some common challenges in their daily organizational work. If pioneers are to be effective participants in development policy—whether as Consensus-builders or Advocates—they must work hard to develop certain organizational capacities.

We have identified four key categories deserving of attention: 1) The generation and marketing of information; 2) Leadership development; 3) Grassroots outreach; and 4) Spinoff projects and groups. Our discussion focuses on how these functions help amplify an organization's effectiveness.

#### **(1) The generating and marketing of information**

Information is a primary lever for change. One of the chief deficiencies in many states is the scarcity of reliable research and sophisticated policy analysis on development issues. Certainly much is generated by state agencies themselves. But some of the most seminal, catalytic research and analysis comes from the pioneers. Indeed, the most successful pioneers understand the critical role of information in diagnosing problems; understanding their complexities; formulating policy options; educating their constituencies

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and the public; and advancing an easily understood vision for the future.

Good information to improve policy analysis must be one of a pioneer's first priorities. It is the building block upon which everything else depends. One reason that the Indiana Economic Development Council was founded in the early 1980s was that there was no single, coherent economic analysis of the economic circumstances then afflicting the state. The IEDC's founders immediately began work on a strategic plan for the state. The resulting document has proven to be a highly influential catalyst both for the state's development policies and the organization itself. Good empirical information gives an organization identity, purpose and strategic vision. Over time it builds credibility. Lawmakers and other decision makers come to rely upon the independent analyses of research-oriented pioneers.

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Generating new policy research can be particularly catalytic if it fills a void in the ongoing policy discourse. Good research, properly packaged and marketed, creates a new set of "public facts" that cannot be ignored. If the facts are surprising or scandalous enough, they can have political repercussions (whether intended or not). The ALFDC has built much of its reputation by developing an alternative body of facts and polemics that advance the interests of rural farmers. The Colorado Trust does much the same thing for a wide variety of health care issues. The North Carolina Rural Economic Development Center has been highly skillful in choosing new research projects that fill voids in policy makers' knowledge—and thereby spur new debate and policy change.

In states where the civic culture is underdeveloped, such as Mississippi and Arkansas, the truism that "information is power" has special meaning. To generate new information in such states often is tantamount to challenging the power elite, who have a self-interest in controlling the kinds of policy information generated and publicly disseminated. The Winthrop Rockefeller Foundation has recognized this insight, and devotes much of its efforts to developing a research base on key issues—early childhood education, taxation, economic development—and then disseminating it to ill-informed constituencies who might be mobilized to take action. I.F. Stone once said, "Facts are subversive." Grassroots organizations seeking to bring about change need the ongoing capability to generate their own set of facts and interpretations. They must, in short, be able to generate the policy language to adequately describe their needs.

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Not all useful information must be catalytic in this sense, of course. Pioneers also serve an important function by providing technical assistance to constituencies. In Pittsburgh, the Allegheny Conference on Community Development generates special sorts of information to promote international trade for Pittsburgh businesses, help them win federal procurement contracts, and promote the Greater Pittsburgh region to potential investors.

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Outreach to the public is a very special information function that pioneers must master. Much of the catalytic clout of information comes from how well it is packaged and promoted. Is the prose clear and engaging? Is the information distributed to the press and special audiences in a skillful manner? In today's political climate, a good measure of effectiveness lies in the quality of presentation of information to the news media and the public. Some of our pioneers, such as the North Carolina Rural Economic Development Center, correctly realized that long-term success requires immense sophistication in this area. We believe more pioneers could benefit from learning how to interact with the news media, specialized audiences and the public. In short, they need to learn more about how to market information in our media-savvy era.

This talent is indispensable if pioneers are to articulate their own compelling vision of future development policy. Pioneers must learn how to weave the often-mundane statistics and facts of development policy into an attractive, accessible vision. The hard research and detailed analysis are essential, but so is the popular rhetoric with its evocative metaphors and sound bites. One function of leadership is finding the public language that can communicate a new development approach and thereby mobilize support. The more innovative the development vision, the more vital it is to find appealing, understandable rhetoric to describe it.

## **(2) Leadership development**

Quality of leadership for a pioneer group can be one of the most important and unpredictable factors in its success. Many organizations owe their inception and effectiveness to a leader of great charisma and entrepreneurial talent. Yet organizations that are too dependent upon such personalities and do not have "second-string" leaders, especially some who arise from the rank-and-file of the constituency group, are handicapped. Such groups can suffer if the leader moves on because they do not have sufficient organizational depth. In a sense, attracting capable people to the organization and

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giving them the full opportunity to participate is the first step toward building a viable reservoir of leadership talent. Without that depth of talent, the organization cannot effectively advance a long-range agenda.

Several of the pioneers in our study self-consciously try to nurture future leaders. These groups include the Maine Development Foundation, the North Carolina Rural Economic Development Center, Allegheny Conference on Community Development, and Winthrop Rockefeller Foundation. All have active efforts to identify and develop grassroots leaders.

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The North Carolina Rural Economic Development Center, for example, sponsors a Rural Leaders Program, the Rural Economic Development Institute (for rural leaders), and a newsletter to keep its constituency informed and engaged with its work. The Citizens' League, Confluence and Consensus have no specific programs to develop leaders, but they freely invite self-motivated, concerned citizens to participate in their work and gain leadership skills.

The Arkansas Land and Farm Development Corporation puts a heavy emphasis on educating and training its members through ongoing training workshops and a curriculum specifically designed for rural farmers. The ALFDC actively solicits its member's views and provides them with highly useful advice and technical support. Members of the ALFDC, in turn, know that they "own" the organization and its agenda. However personally charismatic its leader, Calvin King, his real potency as a leader derives from the strength of his organization and membership.

Leadership development is particularly important for organizations reaching out to the disenfranchised. "We help reduce the fear level [of participating]," explained the ALFDC's King, who adds, "Even if you had all the money and programs you needed, if the human resource doesn't know how to use it then what good is it?" We believe the ALFDC represents an impressive model for grassroots advocacy organizations seeking to play some role in development policy.

If the ALFDC represents a highly developed model of leadership development, at the other end of the spectrum, the most basic tool for leadership development is information, as

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conveyed through development literature, symposia, conferences, etc. This is the approach used by the Wilowe Institute, the Colorado Forum, the Maine Development Foundation, and other Convenors. Clearly this tactic is only a first step. Training new leaders requires direct exposure to other leaders and political players in action. It requires a personal commitment to an organization, and opportunities to serve as footsoldiers and lieutenants in ongoing projects.

In this sense, institutions with a top-down approach to development policy offer fewer opportunities for leadership development than organizations with grassroots memberships. There is no doubt that institutions (business groups, foundations, quasi-publics, etc.) provide a milieu for leadership development as well. But to the extent that leadership in institutions does not depend upon a direct accountability to a grassroots membership, it is a very different sort of leadership.

Would-be senior leaders of institutions tend to have built-in career opportunities (as middle-managers, attorneys and other professional roles) for learning institutional leadership. This tends not to be the case for potential leaders of grassroots organizations. Yet this is not a categorical rule. Lilly Endowment in all its program areas encourages trustee training for community foundations and encourages school boards to train young people for leadership in nonprofits.

### **(3) Grassroots outreach**

By happenstance, our sample of pioneers did not include a great many grassroots organizations. But because such organizations can be highly effective, even with limited resources, we believe that special attention should be paid toward "capacity-building" in these groups. By this, we mean the organizational knowledge and systems that enable a community-based group to become self-sufficient and enterprising. The Winthrop Rockefeller Foundation has specifically decided to build capacity among community organizations, based on the insight that such bottom-up activism will deliver the most significant long-term impact while also strengthening communities themselves.

Community groups have special problems in raising money, finding strong leaders, building inhouse research capacity, and setting up organizational systems. (publications, conferences, training programs, etc.)

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Their inability to surmount these problems often makes them dependent upon outsiders who may or may not share their larger, long-term interests. Some people told us that the financial vulnerability of the Wilowe Institute in Arkansas made it more likely to go after foundation grants and pursue outsiders' goals than to develop their own autonomous agenda. With its small membership base, the Citizens' League regularly accepts corporate donations even though, for the sake of its credibility, it would probably prefer to have more independent sources of funding.

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Those pioneers that are institutions without memberships can also benefit from reaching out to grassroots constituencies. Improving their capacity for doing so—through conferences, newsletters and other networking systems—would make them more informed about community sentiment and help improve their responsiveness.

#### **(4) Spinoff projects and organizations**

The more established pioneers have a favorite technique for venturing into new issue areas and experimenting with new approaches: the spinoff. Sometimes the spinoff is a one- or two-person project of short duration; other times it is an embryonic organization that grows into an influential freestanding group of its own. The beauty of spinoffs is the relative ease with which new experiments can be launched. The resources of the mother-organization can provide vital support to small groups, in terms of office space, supplies, and inhouse advice.

The more prolific organizations that we studied include the Maine Development Foundation, the North Carolina Rural Economic Development Center, the Indiana Economic Development Council, the Allegheny Conference on Community Development and the Winthrop Rockefeller Foundation. Each has created a variety of spinoff projects and organizations.

The strategic value of spinning off groups is that a new issue can be addressed quickly, efficiently and responsively. A large organizational apparatus is not needed or even desired. What is most important is an informed staff with the energy to make an initial impact. Some organizations feel that their reputation may suffer if spinoffs become ineffective over time. The Greater Indianapolis Progress Committee, the sponsor of many spinoffs, feared this risk—as well as the result that they had created “lots of hungry nonprofits run-

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ning around out there." A sponsoring institution takes on a certain moral obligation to fund or assist its spinoffs, particularly if they serve a real need and develop a constituency.

In this respect, spinoffs may present the worst of both worlds for the sponsoring institution: It incurs financial/ moral obligations yet it does not get the direct credit that would come if the spinoff remained inhouse. Both the Maine Development Foundation and the Allegheny Conference kept their education reform projects inhouse, explaining that there were not other credible, competent institutional sponsors to take over the programs. Yet it is also true that sponsoring institutions like to maintain control of projects dealing with timely, hot-button issues—such as education reform. They can keep the organization in the news and assist with fundraising.

For foundations such as the Colorado Trust, which seeks to experiment and spark change, spinoffs can be an ideal vehicle. Existing players can be convened, or new issues pioneered, for a minimal investment.

If the initial research and activism proves fruitful, then additional investment can follow. This was partly the experience of the Center for Ethics in Health Policy, spun off by the Colorado Trust. The Center acts as an independent research group charged with documenting the true social costs of health care (and the lack thereof) in Colorado.

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## Chapter 5

# Pioneer Organizational Structures: Five Models

The many leadership functions explored in the previous chapter are often carried out through different organizational structures. In some ways, the structures have little impact on how a group carries out its mission; leadership, vision, research and other issues are more critical. Yet in other ways, organizational structure can greatly influence how a pioneer can formulate its agenda, govern itself, develop resources, and project a public image.

This chapter explores some of the salient implications of the five organizational models we encountered among our twenty-seven pioneers. These models are: 1) citizen groups; 2) business groups; 3) foundations; 4) quasi-public organizations; and 5) university-based groups. It bears repeating that the range of behaviors possible within any of these models is considerable.

### (1) Citizen Groups

The citizen groups we studied include: The Citizens' League, Consensus, Confluence, Arkansas Farm and Land Development Corporation (AFLDC), Wilowe Institute, Leadership Mississippi Alumni Association and Mississippi Action for Community Education (MACE). Each of these are membership organizations that strive to advance the interests of either the general public or, in the case of the AFLDC, a specific grassroots constituency. Of all the pioneers we studied, these were among the most organizationally needy. Their funding are often problematic and their inhouse resources are limited. What distinguishes most of them is the dynamic leadership of one or more key people, who were often (not coincidentally) their founders. Because their leaders fill a void in the public discourse, citizen groups often have an impact far beyond their ostensible resources. Dollar-for-dollar, they can be immensely catalytic.

As we explained earlier, citizen groups have the special strength of being closer to the ordinary citizens of their community than institutions. As organizations with direct memberships, grassroots organizations (of whatever stripe) have a certain democratic legitimacy that institutions may not enjoy. Because their very survival depends upon how well

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they serve their constituencies, grassroots organizations often have a special cultural and moral affinity with the community that others do not. In John McKnight's sense of "community," these groups can foster new forms of social concern, voluntarism, and personal interactions. They can reach people in a one-on-one fashion and spark great energy and community spirit.

Although our sample of citizen groups is small and idiosyncratic, we believe that building the capacity of such groups can unleash important energies in a community. The bottom-up approach to development change is certainly more arduous and long-term. But when successful, it has a potency and creativity that top-down approaches frequently do not have.

## **(2) Business Groups**

Except for the Arkansas Business Council, the business groups we studied made special attempts to reach out to other constituencies. Our business-oriented pioneers included the Allegheny Conference on Community Development, the Greater Indianapolis Progress Committee, the Arkansas Business Council, and the Colorado Forum.

As a rule, business pioneers as a group have the most plentiful resources and political connections of all the pioneers we studied (except for quasi-publics, which are business-dominated). This generally means that they can launch more ambitious projects and gain the attention of elected officials and state agencies. Mobilizing for change is less a matter of resources than of moral legitimacy, which is why business groups tend to favor the consensus-building approach. It mimics the process of city councils and state legislatures.

If they hope to forge a consensus for change, the business groups realize that they must rise above their narrow self-interests and promote a broader, more enlightened public agenda. To be sure, they do not promote an agenda antithetical to their interests, but they do take pains to listen and cooperate with others in their communities. They are constantly aware that they constitute an economic and political elite in their communities, and that they must somehow compensate for this fact. Coalitions like the Greater Indianapolis Progress Committee and the Allegheny Conference are the most common and successful answers.

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### (3) Foundations

Foundation-pioneers typically enjoy the broadest discretion and biggest bank accounts for stimulating change in state development policy. Ironically, their biggest challenge may be developing the internal program capacity for their grantmaking and the grassroots connections to truly effect change.

In different ways, the four foundations that we studied were keenly aware of their need to educate themselves and respond sensitively to real public needs. To be effective, a foundation must carefully delineate its program areas and articulate its philosophy for sparking change. By far the Winthrop Rockefeller Foundation has the most daring and adversarial of strategies for building the capacity of pioneers. In trying to ameliorate poverty in Arkansas, it realized that it would have to address the structure of political and economic power in the state. It therefore has decided to found and strengthen grassroots organizations. The Piton Foundation came to a similar conclusion after abandoning its initial strategy of itself sponsoring social services. It too seeks to bolster grassroots organizations, trying to make them autonomous, self-sufficient actors who can look after their own interests over the long term.

Lilly Endowment and The Colorado Trust have chosen to focus a spotlight on issues of concern to them rather than to be direct catalysts for grassroots-driven change. The two foundations try to bring key institutional players together and to generate research and information that will prod them. As benefactors with few direct sources of accountability, foundations must assume a special burden of ascertaining genuine community needs and developing meaningful long-term relationships with the leaders it believes will best advance the foundation's agenda.

### (4) Quasi-publics

The quasi-public organizations we studied were among the most sophisticated, resourceful and effective of the pioneers. The quasi-publics include the Maine Development Foundation, the North Carolina Rural Economic Development Center, the Indiana Economic Development Council, and Kansas Inc. Primarily because of their legislative charters, the quasi-publics enjoy a prestige and influence that few other pioneers have. Governed by a state's institutional policy elite, quasi-publics have a superior ability to sponsor the most probing, cutting-edge research and

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convene the top institutional actors and experts on a given issue. They usually have a rich knowledge base and a familiarity with most regions of the state and its chief institutional players. Finally, they have ready access to the governor, legislature and other government decision makers, which greatly amplifies their power to get things done.

As gatherings of powerful institutional players, quasi-publics are likely to have a more institutional vision of what development policy should attempt. Their genuine connections to grassroots constituencies—with all the citizen feedback, interaction and accountability that that implies—are generally modest. Because quasi-publics are, in some ways, creatures of politics, they generally have more trouble serving as advocates. They must work through consensus where possible and strive to avoid partisan political entanglements.

Despite these limitations, quasi-publics tend to sponsor more focussed research and pilot projects. With their overview of the state's many regions, they can more readily identify emerging and niche development needs. They seem to more savvy than other pioneers in devising innovative experiments that might be replicated. One reason for the effectiveness of quasi-publics may be their ability to integrate several roles into one: conducting research, convening the major political players, making policy recommendations, and advocating for their adoption and implementation.

### **(5) University-based Organizations**

University-based policy groups play an important role in several states, such as Washington and Nebraska. The states that we studied did not present the best sample for understanding the strengths and weaknesses of this particular organizational form.

The three university-based organizations that we studied were the Center for the Improvement of Public Management (University of Colorado at Denver), the Rural Innovation Institute (University of Missouri Extension), and the Institute for Policy Leadership (University of Missouri/St. Louis).

It is difficult to make generalizations about these organizations, at least from the small sample we examined. The two Missouri institutes, both fairly new, are still defining their missions and programs. In Colorado, the Center for the

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Improvement of Public Management has successfully served as a convenor and educator on matters of negotiation and consensus-building.

This strikes us as the most likely role for university-based organizations to play. Their university affiliations give them special credibility to act as change agents. Yet at the same time, university-based organizations must balance the tension between their objective, academic approach and any inclinations to act as advocates. While the two roles are not incompatible, sustained partisan advocacy will tend to call into question the credibility that comes with being a university-sponsored entity. Thus the convenor/consensus-building approach to development policy seems most suited for these groups.

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The other major function that they can serve is as impressive sources of reliable knowledge and expertise. This role has not been exploited as greatly as it could, in part, no doubt, because development policy itself is not a separate academic discipline; it is more of an applied political and economic art. Nonetheless, development policy can be much enriched by the increased participation of academics.

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## Chapter 6

# Conclusion

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## Chapter 6

Standing on the threshold of a new era in state development policy, there are no easy answers about how best to proceed. This much is clear, however: Instead of focusing on specific models or rules—useful as they may be—development policy must now pay closer attention to the process and principles by which new strategies are pursued. Unlike earlier approaches, which had desired destinations (new factories, more investment per se), cutting edge development policy today seeks to give states a new ongoing capacity to adapt and change and innovate, just as the winners in the world economy must.

If this report has one key conclusion, it is that the conceptual framework for approaching development must be broader, more thoughtful and more sophisticated in understanding the diverse factors that make for successful development. Politics, of course, abhors complexity. It especially abhors complexity that cannot be reliably measured, such as the vitality of human relationships that constitutes a community. Historically, development policy has used economic and statistical indices as surrogates for community well-being—a practice not without utility. The National Civic League's Civic Index is an important step in a better direction for measuring the strength of communities. Yet we submit that people who participate in development policy must start with a healthy respect for the indigenous civic culture and sensibilities of states and towns. What do the local citizens really want? How do they want to interact with development-related institutions, be they government, business or foundations? What long-term capacity for autonomy and growth can development policy makers give them?

The special challenge of the 1990s is to create new forums and facilitating institutions by which the process of participatory citizenship and community development can proceed. The process by which states plan for the future, build a consensus to achieve it, and broker the necessary compromises to move forward, needs attention. A basic premise of this report is that the pioneers can play a critical, catalytic role in this process. Many pioneers are on the forefront of re-conceptualizing how government should aid development, when that should occur, and which populations can benefit most. A considerable body of disaggregated, anecdotal

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evidence about pioneers is accumulating, confirming Justice Brandeis' dictum that the states are indeed "laboratories of democracy." Our sampling of pioneers in five states (plus other pioneers) suggests that they are helping states grapple in more creative thoughtful and effective ways with their development problems—primarily in their capacities as Consensus-builders and Advocates, to use our rough categories. Moreover, many pioneers are doing so in ways that forge new links between policy making institutions and grassroots constituencies. They are creating the new "synapses" that coordinate the top-down development approaches of institutions with the bottom-up tactics of grassroots organizations who may not have ready access to mainstream policy making.

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The good news is that pioneers are increasingly being recognized for their spark, imagination, and achievements. The bad news is that the fiscal climate is more forbidding than ever for pioneers, and that pioneers themselves have uncertainties about how to proceed in the treacherous economy of the 1990s. In asking ourselves what principles should guide foundations and others who seek to bolster development policy, we would suggest certain guidelines:

- ❖ **Help ensure the diversity of pioneers.** Diversity encourages innovation and experimentation, which in turn are more likely to yield fruitful results. No single organizational model or strategy is so far superior that others should be dismissed.
- ❖ **Help pioneers become self-sufficient so they can develop an independent agenda.** Long-term dependency on outside funding sources is not healthy for a pioneer. It will only impede a group's search for strategies that meet the authentic needs of its community. At the same time, many pioneers do need assistance in becoming stable and self-sustaining.
- ❖ **Pay attention to the leadership of organizations.** Leaders play pivotal roles in the success of organizations, especially new ones especially ones that deal with such a difficult issue as development. Leaders include not only the heads of organizations, but their staffs and their boards. Many pioneers stressed the importance of their boards in extending their impact. Developing pioneers' ability to inform and use their boards is an important need. It is particularly important to appreciate whether leaders have meaningful ties to a constituency or their communities, and therefore feel (or are) accountable to them.

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❖ **Understand how pioneers fit into the political ecology of their states.** The kind of organizational forms that will work best depend greatly on each state's unique historical and political culture. Successful models from elsewhere need to be adapted to suit the conditions of each state.

❖ **Help the programs and strategies developed by pioneers reach meaningful scale.** Many of the pioneers we looked at had created highly effective pilot programs or spin-off organizations. A key challenge for them in the 1990s will be how to get to scale in the solutions they offer. While in some ways, these organizations have gotten much more sophisticated over the years at understanding root causes, the "technologies" for dealing with these are still remarkably inadequate.

❖ **Encourage increased attention to issues of regional variation.** Remarkably few pioneers in this study paid any explicit attention to issues of rural development or, more broadly, to the issue of regional variation. Yet rural/urban tensions play themselves out in subtle ways, sometimes undermining the very effectiveness of the pioneer organizations.

❖ **Build pioneers' capacity to seed innovation.** Those pioneers that had resources to invest in shaping the agenda seemed more effective at seeding innovation. This is true obviously of foundations, but also of others like the Maine Development Foundation or North Carolina Rural Development Center. State-level pioneers may be excellent vehicles for development "venture capital."

❖ **Define what "capacity building" means for a pioneer.** Different pioneer functions imply different organizational needs. More needs to be learned about the generic organizational skills/resources that make for a successful convenor, catalyst or advocate. What sort of grassroots affiliations are necessary for institutions, and what sort of policy capabilities are necessary for grassroots organizations?

❖ **Investigate the tactics a pioneer is committed to.** We generally found that pioneers which build coalitions; develop their own leaders; reach out to the grassroots; combine top-down with bottom-up tactics; and have some built-in systems of self-evaluation or accountability, are the most effective.

If there is a common denominator to the many roles that pioneers play, it is in helping to envision a community's future and to collaborate with government to achieve it. In this sense, pioneers are vital "mediating institutions" for

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making democratic self-governance work more effectively. While they obviously do not have a monopoly on what is best for the commonweal, pioneers are one of the few non-governmental entities on our society that actively deliberate and care about the commonweal. Whether as Consensus-Builders or Advocates, pioneers generally strive to articulate a new vision of community and discover new ways of stimulating community renewal.

This, finally, is why pioneers command our attention. They are an important force for regenerating the often-frayed fabric of community and civic culture. Pioneers help ascertain community sentiment, formulate new policy directions, and build new consensus for change. As the foregoing pages make clear, the pioneers' success in this mission depends critically upon their organizational strengths—the quality of leadership, research, funding support, membership, among other factors.

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It is no exaggeration to state that pioneers have only recently begun to acquire a self-awareness of their role as pioneers. Groups that once considered themselves as purely local, isolated phenomena, are beginning to realize that they have "colleague-pioneers" in other states which are grappling with similar organizational problems and development agendas. Despite significant differences in mission and size, structure and funding, pioneers are seeing that they have something of a common identity. This discovery prompts a tantalizing array of questions: What new lessons might pioneers learn from each other? Can new synergies be forged? Are there replicable prototypes of activism, research or organizational structure?

Apart from their organizational strengths, however, pioneers must pay greater attention to an issue that is arguably more significant and profound. They must ponder the very concept of community that—wittingly or not—they are promoting. Pioneers must begin to ask: When should the most important actors in new development policy be **institutions** (companies, government agencies, and other entities without citizen-members), and when should they be **organizations** (community-based groups whose leaders are directly accountable to their constituencies)? How will a given development strategy affect the subtle and myriad relationships among people, which constitute the essence of a community? Does the process of development planning invite the broadest democratic participation? Do the plans have long-term vision? Do they have broad community acceptance? Attending to such "process issues," truly, is to attend to substance.

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Our study of the pioneers demonstrated that the best examples of development reach out to ordinary people and cast a wider "radius of trust." Development plans that are pursued solely by policy elites at the institutional level are less likely to rejuvenate communities, respond to genuine needs, and earn support and appreciation. Yet by the same token, development plans that originate from community groups are not likely to have much impact without the backing of institutional leaders and government policymakers.

A distressing chasm in American civic culture—between state development policymakers and the grassroots—is waiting to be bridged. We believe the pioneers can help bridge this chasm. Not only will the resulting development plans be more likely to stimulate economic growth, they will build community spirit and enhance the civic culture. When all is said and done, this is perhaps the most enduring contribution that development policy can make. A robust, stable civic culture will get a community through good times and bad, and help communities help themselves. In an era of highly mobile capital and shifting economic fortunes, the best-equipped community will not necessarily be the one with the most business investment. It will be the one that enjoys a vigorous civic apparatus—the experienced leaders, the standing forums, the policy sophistication, the personal relationships—which can help it identify community needs and plan for the future.

That is why, ultimately, the pioneers are so important. The best ones are dedicated not simply to economic development but to community renewal in its broadest scope. The former cannot truly succeed without the latter.

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**Appendix A**

**Pioneers of Progress by State:**

**Arkansas**

Arkansas Business Council  
Arkansas Land and Farm Development Corporation  
Winthrop Rockefeller Foundation  
The Wilowe Institute

**Colorado**

University of Colorado at Denver Center for the  
Improvement of Public Management and  
Center for Public Private Sector Cooperation  
Colorado Forum  
The Colorado Trust  
The Piton Foundation

**Indiana**

Indiana Economic Development Council, Inc.  
Lilly Endowment, Inc.  
Greater Indianapolis Progress Committee  
United Way of Indiana\*

**Missouri**

Confluence St. Louis  
Kansas City Consensus  
Missouri Rural Innovation Institute,  
University of Missouri Extension  
Institute for Policy Leadership

**Mississippi**

Business and Industry Political Education Committee, Inc.\*  
Delta Foundation, Inc.  
Leadership Mississippi Alumni Association  
Mississippi Action for Community Education, Inc.  
Mississippi Economic Council\*  
The Public Education Forum of Mississippi\*

**National**

Allegheny Conference on Community Development  
Citizens League, Minneapolis  
Kansas Inc.  
Maine Development Foundation  
North Carolina Rural Economic Development Center

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**Appendix B**

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**Appendix B**  
**Pioneers of Progress by  
Type of Organization:**

**Foundations**

The Colorado Trust  
Lilly Endowment, Inc.  
The Piton Foundation  
Winthrop Rockefeller Foundation

**Citizen or Leadership Development Groups**

Citizens League Minneapolis  
Kansas City Consensus  
Confluence St. Louis  
Arkansas Land and Farm Development Corporation  
The Wilowe Institute  
Leadership Mississippi Alumni Association  
Mississippi Action for Community Education

**Business Groups**

Allegheny Conference on Community Development  
Arkansas Business Council Foundation  
BIPEC, Inc.\*  
Colorado Forum  
Mississippi Economic Council\*  
Greater Indianapolis Progress Committee

**University-Based**

Missouri Rural Innovation Institute  
University of Colorado Denver Center for the  
Improvement of Public Management and  
Center for Public-Private Sector Cooperation  
Institute for Policy Leadership

**Quasi Public**

Indiana Economic Development Council, Inc.  
Kansas Inc.  
Maine Development Foundation  
North Carolina Rural Economic Development Center

**Other Non-Profits**

United Way of Indiana\*  
Delta Foundation, Inc.  
The Public Education Forum of Mississippi\*

\* Interviewed but not analyzed in JFF's research

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## **Appendix C**

### **Pioneers of Progress by Category:**

#### **Convenors**

Missouri Rural Innovation Institute,  
University of Missouri Extension  
Institute for Policy Leadership  
Maine Development Foundation  
University of Colorado at Denver Center for the  
Improvement of Public Management and  
Center for Public-Private Sector Cooperation  
The Wilowe Institute  
Leadership Mississippi Alumni Association

#### **Catalysts**

Colorado Forum  
North Carolina Rural Economic Development Center  
The Colorado Trust

#### **Doers**

Greater Indianapolis Progress Committee  
Allegheny Conference on Community Development  
Indiana Economic Development Council, Inc.  
Kansas Inc.  
Arkansas Business Council

#### **Advocates**

Arkansas Land and Farm Development Corporation  
Winthrop Rockefeller Foundation  
The Piton Foundation  
Mississippi Action for Community Education, Inc.  
Lilly Endowment, Inc.  
Confluence St. Louis  
Kansas City Consensus  
Citizens League Minneapolis  
Delta Foundation, Inc.

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#### **Appendix C**

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