

BUILDING PROSPEROUS COMMUNITIES:  
THE EFFECTS OF SOCIAL CAPITAL, FINANCIAL CAPITAL, AND PLACE

BY

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DISSERTATION

Submitted in partial fulfillment of the requirements  
for the degree of Doctor of Philosophy in Regional Planning  
in the Graduate College of the  
University of Illinois at Urbana-Champaign, 2013

Urbana, Illinois

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## ABSTRACT

Social capital, narrowly defined as networks of individuals who are linked through bonding or bridging relationships, has become a much discussed but poorly interrogated concept within studies of place based development. Too many studies are done at a county level with poor proxies for the concept. Empirical fieldwork also suffers when it fails to account adequately for contributing factors and alternative explanations for observed socioeconomic outcomes. If planners and policy makers are to utilize the power of a deeper understanding of how social relationships influence development actions, research inquiries must use the proper scale of analysis and test for mitigating and influencing conditions. This research uses case studies of community rural development projects as the lens for examining a functioning social network. I chose projects in communities that have both high and low socioeconomic outcomes and use two counterhypotheses to test for the impact of financial resources and attributes of place. This research avoids the aggregation bias found in county level work but cannot completely eliminate the difficulties in operationalizing the concept of social capital.

My findings build on the work of others who have sought to integrate an understanding of mechanisms of social capital with the amount and distribution of financial capital and the historical development and place specific characteristics in a community. First, I found strong evidence to suggest that the amount of financial capital available within a network affects the types of ties actors will have within their networks and the ties they will use or seek during a project. Less prosperous communities have fewer locally owned businesses, businesses with surplus capital, and individuals with surplus financial capital. With less financial capital available, actors embedded in networks in less prosperous counties were more frequently required to leverage their existing social capital to form new ties, often bridging ties, in order to access financial capital. Second, I found evidence that historical settlement patterns and ownership of assets continues to influence present day social networks. These differences do not preclude places from having social ties or using social ties to address local development. These characteristics do, however, influence the number and diversity of groups in a community, the nature of bridging and bonding ties, and the different landscapes that social capital must navigate.

## ACKNOWLEDGEMENTS

My interest in understanding the role of individual resident's agency in economic and social outcomes in rural communities is rooted in my personal experiences as someone who grew up on a traditional farming community in west central Illinois. This dissertation is an extension of my master's thesis and reflects an improvement in both my methods and my thinking. I started this research under the direction of Professor Andrew Isserman and this work was motivated by re-reading the book *World's Apart* by Cynthia Duncan. Reading this book as a sophomore in college expanded my awareness of life in rural American communities, at the time I was studying international development. Revisiting this book as a graduate student, I became interested in expanding the study to areas of the country that did really well; those that persistently prospered instead of those that had persistent poverty. I am very grateful for Ed Feser who was a part of my thesis committee in 2008 and who has continued to be involved as I have further explored these topics in this dissertation. With Andy's encouragement, Mil joined the doctoral committee and I am very grateful for her contributions and her inspiration. I am indebted to relatively new members of our faculty, Andrew Greenlee and Marc Doussard, who have been generous with their time and feedback throughout this process. Finishing this dissertation would not have been possible without Lew Hopkins. Lew, as an emeritus professor, agreed to become my new chair and was a constant source of thoughtful feedback, discussion, and prodding. I am so glad that he shares an interest in the futures and development of rural communities and I have really enjoyed working with him. I would also like to thank my family and friends for their patience, feedback, and encouragement during this process. I hope I get a chance to start repaying some of the generosity and mentorship I have received during this process.

Finally, I am very grateful to the many rural people I met throughout the eight communities I studied. So many people were so generous with their time. I especially want to thank those who so graciously opened their homes and apartments to me. I remain very touched by your generousities. I also want to thank all of the people who took my work seriously and appreciated both my research purpose and the time I was spending in their communities. The most important thing a researcher can do is ask questions that have the potential to improve the world; the hardest thing to accept is that answers come slowly and incrementally. I have learned a lot through this dissertation and yet I leave this process with many more unanswered questions than when I began. The information that is contained in this dissertation is only a fraction of the data that I have collected. I hope that this work, and the future work I will continue to do from this project, seems worth the effort to those who have supported me and participated in this endeavor.

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## CHAPTER 1: OVERVIEW OF RESEARCH AIMS AND FINDINGS

Social capital, narrowly defined as networks of individuals who are linked through bonding or bridging relationships, has become a much discussed but poorly interrogated concept within studies of place based development. Too many studies are done at a county level with poor proxies for the concept. Empirical fieldwork also suffers when it fails to account adequately for contributing factors and alternative explanations of observed socioeconomic outcomes. If planners and policy makers are to utilize the power of a deeper understanding of how social relationships influence development actions, research inquiries must use the proper observational scale and test for mitigating and influencing conditions. This research uses case studies of community rural development projects as the lens for examining a functioning social network. I chose projects in communities that have both high and low socioeconomic outcomes and use two counterhypotheses to test for the impact of financial resources and attributes of place. This research avoids the aggregation bias found in county level work but cannot completely eliminate the difficulties in operationalizing the concept of social capital. I employ two primary questions in this research:

How do social networks in rural communities leverage resources for local development?

How do social capital networks vary across communities?

In this work I explore the mechanisms of how social ties are used for development to advance a discussion of the theory's policy and practice implications. I situate my research in rural communities in Iowa. Much of the research done on the contribution of social networks to local development has taken a national or urban perspective. I selected communities that appear to offer the best opportunity to observe functioning social networks positively influencing local development, places with sustained prosperity. I also chose places that have sustained lower prosperity to provide a theoretical contrast. If the actions of local residents influence development then local action must occur differently in places with divergent outcomes. An important contribution that I make in this analysis is to examine the social ties used during a rural development project in two communities in each of four counties. I study individual projects, engaged leaders, and multiple towns within a county through interviews, newspapers, documents, and websites. This is a more appropriate lens by which to observe and measure social capital. This approach can advance the ability to make policy and practice recommendations because it considers both the community's context and the role of local agency. I developed a detailed understanding of how social capital interacts with financial capital and is influenced by a place's history and its current economic state. I use individual examples of local action as

a way of examining the existing social networks within a community at the time of a decision and the way that current and additional ties are formed, ignored, or otherwise changed during the course of a decision's implementation.

My findings build on the work of others who have sought to integrate an understanding of mechanisms of social capital with the amount and distribution of financial capital and the historical development and place specific characteristics in a community. First, I found strong evidence to suggest that the amount of financial capital available within a network affects the types of ties actors will have within their networks and the ties they will use or seek during a project. Less prosperous communities have fewer locally owned businesses, businesses with surplus capital, and individuals with surplus financial capital. With less financial capital available, actors embedded in networks in less prosperous counties were more frequently required to leverage their existing social capital to form new ties, often bridging ties, in order to access financial capital. Second, I found evidence that historical settlement patterns and ownership of assets continues to influence present day social networks. These differences do not preclude places from having social ties or using social ties to address local development. These characteristics do, however, influence the number and diversity of groups in a community, the nature of bridging and bonding ties, and the different landscapes that social capital must navigate.

Local residents in less prosperous places have seen more economic disruption and have had group agendas diverted towards supporting goods and services in the community that were previously supplied by city governments or private companies. The presence of different groups within a community or a county, whether or not these differences are reinforced by religion, income, or ethnicity, provides different relative resources of bonding capital and different histories of bridging relationships. For these two reasons, using only a definition of bridging and bonding ties is an incomplete way to assess the attributes of social capital. Social capital is one piece of understanding how places make decisions. Financial capital and place history and context are two more, and incorporating all three provides a much clearer understanding of overlapping mechanisms.

In my sample of rural counties in Iowa, there was a correlation between the level of prosperity in a community and the quantitatively measured level of social capital. I used quantitative measures of both concepts to select case study counties. Throughout my data collection process, I found this quantitative measure of social capital to be a poor proxy of actual social networks and level of citizen engagement in local economic development. This work makes a methodological contribution by examining how popular measures of social capital are biased towards formalized social networks with financial resources. In a rural county, a lot of economic development occurs at the hands of volunteers,

and many organizations cannot afford to hire employees, which renders the work and social capital embedded in these organizations invisible in government data. Communities form organizations but might not take the time to obtain official non-profit status for those organizations, or they will choose to co-sponsor a project or event with a group that already has a non-profit status. Within my sample of four counties, the more prosperous counties were more likely to host multiple private foundations. Quantitative measures are also skewed towards the structure and type of religious institutions in a county, again inflating a measure of social capital with a measure of relative financial surplus made available to the public. Many rural counties do not support political, labor, or professional organizations with paid employees, but as most churches do pay employees the number of churches in a community made up a majority of all civic associations measured in the County Business Patterns data. Furthermore, the count of churches from the County Business Patterns data differed significantly from the count of churches in another non-governmental source across counties.

These findings have broader implications for our understanding of the role of local action in economic development and appropriate interventions beyond the context of development in small rural towns. This research contributes to the conversation by using a case study methodology to examine the features of social networks and ties in rural communities that have eluded other researchers, especially those using county level data. Social networks at a sub-county level are sufficiently diverse to warrant further community level studies to avoid the bias inherent in county level aggregations. Planning theory and scholarship should engage in reframing the conversation from building social ties to effectively using social ties present in a community. These findings suggest roles for planners and economic developers. Practitioners should provide services and training to existing, newly forming, formal or informal groups. A practitioner needs to build trust with individuals and community groups in order to be an effective tie, and this requires repeated interactions, an effort complicated by current interest in regionalizing services. The social networks and ties in low income communities and communities recovering from economic shocks deserves extra attention, and agencies could do more to provide the types of assistance that would help communities achieve small wins, building their experience and confidence in using social ties to address development projects.

This research studies communities that have high and low levels of both social capital and development outcomes in an attempt to untangle the effects of history and local context on present local decision making. Community development has emphasized local solutions to economic development as the idea that social capital is an asset that benefits communities has become a popular concept. More research into the how and why social ties are built and used will provide concrete ways

that communities can develop and leverage their social assets for local development. In regards to my first primary research question, I detailed the process of initiating and implementing local projects. Across all eight communities, I found examples of local residents conceiving and implementing projects which required coordinated effort among an initial group. In every case, additional individuals became part of the effort as the group sought funding to accomplish the project. Social networks in both prosperous and less prosperous communities were using both bonding and bridging ties to find the expertise, support, and financial capital to accomplish a local development project. A few general patterns were evident in the data. Many projects originate from within a group of individuals who are socially connected through bonding ties. Bridging ties are most often necessary to implement the project. Residents in less prosperous communities needed to rely on bridging ties more often to find additional financial resources for projects.

After observing how residents used their social ties to seek resources for their development projects, I then compared this process across a typology of communities to answer my second research question. Prevailing research on social ties and economic resiliency suggests that prosperous places should have more bridging ties than bonding ties. Instead I discovered that the social networks consisting of both bonding and bridging ties in both prosperous and less prosperous communities. A more common difference between the social networks in these communities is the number of actors who have personal wealth or own or manage other sources of wealth and investment in the community like a business or institution. More prosperous places have a larger pool of potential ties that can be used during a development project. A community's unique history, settlement patterns, and number and type of bonded groups within the community and larger region define what ties will be based on bonding relationships or bridging relationships. This research implies that creating a typology of social ties is an inadequate explanation of how a community's social capital assets contribute to socioeconomic outcomes. Instead, the classification of bridging and bonding ties needs to be integrated with an understanding of a primary network's internal financial capital and access to additional financial capital resources. Furthermore, this research implies that there is a more nuanced relationship between history, place characteristics and social ties. These place characteristics shape but do not preclude efforts to form and build social ties.

Future research should continue to disentangle how economic shocks affect social networks and ties and how different social assets recover after an economic shock. Finding that access to financial capital is an important element to observed social capital success highlights the importance of studying



how reserves of financial capital in a community's business sector, the agricultural sector, and among residents become available for development.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

This research explores local action, that is, informal and formal citizen involvement, with a focus on how communities implement economic development projects. In this work I draw from a number of previous authors that have studied how places develop and the role of local decision making in determining long term development outcomes. I engage with a portion of the existing social capital literature that focuses on the ties between individuals embedded in larger networks. I further focus my lens on a single active set of linked individuals within a community. I do not consider the number and types of ties and networks in an entire community; nor do I address why some people are choosing civic engagement or not. In my study of the use of social ties and networks I draw in other considerations of economic structure and social structure. There has been a body of work by a number of scholars in political science, sociology, and other social sciences that has addressed the formation of local development policies. I focus on contributions to this literature that have studied the mechanisms behind local decision making. If we can explain how local action functions in different communities coping with change, then we can create meaningful roles for practitioners, policy makers, and educators.

A number of authors have written about how economic structures, ownership of assets, and distribution of assets in a community impact local decision making. I began this research looking for a set of behavioral patterns that distinguished places that have sustained prosperous outcomes over time. The rural development literature provided insights to places that had persistent poverty and suggested that attributes such as the presence of a middle class can mediate against the type of public investment patterns that reinforce poverty. This literature also suggested how several elements of this system were self-reinforcing. Examples from both urban and rural places suggested that large corporations or corporate farmers were less interested in investing locally. Smaller farms and smaller firms promoted a culture of collaboration that sometimes directly translated into larger reinvestment in the area or more often helped build a stronger business culture within a place. The importance of political structures and agency in development came from the work of Harvey Molotch (1976) who outlined a set of actors that are more likely to come to the table during economic development decision making.

Scholars from many different disciplines have incorporated the term social capital into their work. James S. Coleman first defined social capital and identified three forms: “obligations and expectations, which depend on trustworthiness of the social environment, information-flow capability

of the social structure, and norms accompanied by sanctions” (Coleman, 1988, pp. S119). Within the paper he notes that the concept works at different scales: individual decisions, relationships between pairs of individuals, organizations, and community wide social norms. More recently, some theorists have taken this nuanced understanding of a variety of overlapping and interacting variables and offered a distilled distinction of the concept that focuses on the relationships between individuals. The terms bridging and bonding social ties were first used by Gittel and Vidal (1998) but also explained by Briggs (1998) and later adopted by Putnam (2000). These terms have now become the dominant way to describe ties between individuals, but the concept has older roots in Granovetter (1973) who referred to the same concept using the terms weak and strong ties. Across authors, the concepts held a common implication. This focus on the way a single individual forms ties has been scaled up to describe entire networks and organizations as either more reliant on bridging relationships or bonding relationships. Although both types of social relationships are important in the development of local places, bridging ties are more important because they provide access to more resources. Woolcock (2000) emphasized the importance of bridging ties by creating a subcategory of “linking” social capital to indicate ties to people in positions of authority.

Planners have talked less about the underlying motivations behind local action but have made important contributions to an ideal understanding of how local actions and plans should be made. Scholars who have addressed communicative planning and diversity in planning could have been talking about the differences in social networks and the need to create more bridging ties, although to my knowledge no one has directly done this. Few planning scholars have directly engaged with measuring social networks and ties although the concept is embedded into a lot of work that planners do. I sought a way to explore the actions of individuals under different socioeconomic circumstances to see how the framework of social capital could fit observations of local efforts in rural areas, an area that has also remained on the margins of planning. I will unpack these concepts below.

Section 2.2 draws insights about participation in economic development and agenda setting from the persistent poverty and growth machine literature. Section 2.3 draws a unifying theme about how ownership and distribution of assets affects bonding social networks. Section 2.4 addresses the literature on social networks and ties and focuses on the contributions to rural development. Section 2.5 synthesizes a direction for this research by explaining how I will respond to a gap in the literature with a study of social capital mechanisms, and Section 2.6 concludes the chapter.

## **2.2 Building a theory of the relationship between financial capital and social capital**

The persistent poverty theory and the growth machine theory of local action in place development both suggest that there is a central group of actors with agency and a group of outsiders. Most development occurs because the first group has the most power in the local sphere. Both theories draw clear implications about what choices are made and how resources are allocated. These two theories point to the importance of understanding financial positions of actors and relative financial distributions within a community.

### **2.2.1 Contributions from studies of poverty and migration**

According to the persistent poverty literature, in places that have low levels of financial resources and widespread persistent poverty among residents, local action is split between the haves and the have-nots (Duncan, 1999). This process leads to a reinforcing cycle of differential access to opportunities. This type of civic engagement shapes development by creating two spheres of goods and services. A private set is accessible only through membership in the “haves” and includes well-funded schools, recreational opportunities, and access to jobs. A limited, lower quality set of goods and services is accessible to the “have-nots.”

The “have-nots” may form small organizations or attempt to partner with government programs but consistently fail to gain enough political capital in the community to overcome their lack of financial capital. Social networks and ties among members of the have-nots is used primarily to ensure basic survival. Families provide an important way to reallocate scarce resources, and many people remain in these locations afraid of their chance to survive without kinship support but with no opportunity to find success and change their futures (Fitchen, 1995). One of the few respites in an area with high poverty rates is the presence of a middle class, which can encourage the creation and maintenance of a single collection of goods and services that are not restricted by membership (Duncan, 1999; Duncan, 2001). Other authors have claimed that poverty has negative impacts on social capital and that the overall level of social capital is lower in places where the effects of poverty include high crime rates and rundown neighborhoods (Pacione, 1997 and Williams and Windebank, 1999).

Differing rates of mobility during an economic shock can also destroy social ties in a community. Poor residents who do not have the means to leave remain rooted, but their former neighbors who might have had more resources and a combination of bridging and bonding ties seek better economic possibilities (Wilson, 1996). The available housing stock or the likelihood that individuals can buy land to create a home in a rural community enables migration into a community by people who are unlikely to

have close ties with existing residents (Salamon, 2003). The same phenomenon can happen during a period of economic boom when industries recruit widely for workers (Broadway and Stull, 2006). When these new residents move into a community, they can disrupt existing social networks, and commuters are less likely to be interested in forming social ties in their new community. Exploitive economic systems create income inequality, which fosters tight bonding ties but a lack of bridging ties within a community and ultimately reinforces class distinctions. Exploring more examples like Duncan's case of Gray Mountain is critical to advancing the practitioner side of the social capital research conversation. Finding that local action was driven by income inequality in places with persistent poverty suggests that in prosperous places income inequality will have less influence, and the goals of the middle class might be even more widely adopted.

### 2.2.2 Contributions from studies of growth and politics

The growth machine hypothesis advanced by Harvey Molotch provided an alternative way to explain the pattern of development in urban areas by considering the motivations of individuals as opposed to only market forces. Molotch (1976) argues that the process of community building can best be understood by examining individuals' personal ties to property or equivalent place-based assets. These individuals promote one form of development, growth, specifically growth that produces a private return to the individuals. Cities owe many of their expansion choices to the bankers, realtors, newspaper owners, and school district superintendents whose engagement is driven by potential profits. Since his seminal paper on the theory, Molotch has argued that the urban growth machine theory has an enduring position in theories of development.

The work of Clarence Stone (1989) on urban regimes also provides a lens to understanding how local economic development policies are crafted. Some urban areas in the United States are able to forge public-private partnerships of power and politics that set different agendas. The four different types of regimes identified: maintenance or caretaker regimes, development regimes, middle-class progressive regimes, and lower-class opportunity expansion regimes (Stone, 1993) suggest ties to Duncan's (1999) cases and suggest that places with prosperity might have a middle-class progressive regime. The theoretical development of regime theory has been criticized for being applied in a number of situations and scales, which has diluted the concept (Mossberger and Stoker, 2001). I do not attempt to stretch a regime theory lens into small rural communities, nor do I directly test for the presence of growth machine politics in these small towns. However, I acknowledge that understanding the relationships between public and private entities in a place and how collectively these entities navigate

opposing goals to set policy is important. The regime theory concept serves as a useful reminder that, at the local level, government often seeks the support and input of private businesses and individuals under the American system of federalism (Mossberger and Stoker, 2001).

In a later paper, Molotch et al. (2000) combines social capital, growth machine theory, and other historical considerations of population, wealth, and power into a larger meta-theory of how place distinctiveness is created and maintained through both “structuration” and “lash-up”. His study explores the development of two California towns, Santa Barbara, which atypically fought the growth machine, and Ventura, which is an example of growth machine politics overriding all other interests in a community. This work encourages an open methodological perspective that considers historical elements of economy, power, politics, and society interacting over time. It also suggests that the success of development projects is highly contextually dependent. A single project must have supporting elements in order to provide a durable change to a community. Similarly, organizations and politics all have existing corporate cultures within and among the wider community that must be navigated (Molotch et al., 2000). This idea of durable, place differentiated patterns of decision making, whether or not it has reached the status of an urban regime, emphasizes the importance of considering the history of each community, including the efforts of local officials, non-elected leaders, and the business community.

### **2.3 The effects of firm size and ownership in communities**

Firm size and the ownership of local firms are one component of place based assets and the distribution of wealth in a society. These variables are important to consider as they are often an important component of the structure that reinforces or begins to change the aggregate amount and distribution of assets in a community. Many scholars have written about how the overall distribution of assets in a community affects decision making. For the purposes of my work, which focuses on small communities in historically agricultural producing regions, I consider firms and farms to be synonymous and do so in the text below, although the two are frequently studied independently of one another. Without often referencing social networks and ties, this literature has noted that small, locally owned firms are more likely to produce a number of benefits in a community (Tolbert et al., 1998), including owners who are more likely to be interested in the collective welfare of the community and to build more trust, reciprocity, and bonding ties among the workforce (Chinitz, 1961). These firms also retain more wealth within a community, are less likely to leave the community, and are better at fostering growth and innovation within the region than large firms that are externally owned (Piore and Sabel,

1984). The effect of firm size on overall growth in a region and innovation affects social networks and ties indirectly by generating economic stability. The more stable a community's jobs are the more stable the local population is, and as we have seen earlier, migration disrupts social networks.

### 2.3.1 Smaller, locally owned firms are more likely to be civically engaged

Walter Goldschmidt's 1947 classic study of the local social and economic outcomes of agricultural industrialization in two California towns, Dinuba (small family farms) and Arvin (large industrial farming), was an early contribution to a study of social networks and ties and economic structure in rural areas. Goldschmidt found a strong association between small farms and stronger, civic-minded, egalitarian community norms (Goldschmidt, 1947). Dinuba residents were more socially engaged, more highly educated, and enjoyed better standards of living. The maintenance and perpetuation of these cultural norms were attributed to the prosperous community's ability to retain higher numbers of family farms, which created more equal incomes and land distributions. Small family farms are thought, due to their very nature of production, to produce a stable influence on communities. Even if the farmer leaves, the land remains available for another small farm. Small family farms are thought to promote egalitarian cultural values, and as long term residents, farmers are thought to be more interested in the health of local communities. Goldschmidt did not use the term social capital in his study but noted that the owners and operators of small farms were more likely to work together and share labor, actions that sound more consistent with bonding social ties. The economic modernizations that affected low skilled manufacturing also affected American agriculture. Farm labor has been replaced by machines, and a consolidation of land and capital has displaced workers. While the study remains influential, additional work has provided mixed results, and, like the original, the studies have unsatisfactorily examined the local nonfarm industrial structure and other reasons for inequality (Lobao, 1990).

Tolbert et al. (1998) also looked at the effects of firm ownership and firm size as they considered social welfare and economic resiliency. Noting that size and ownership are often related, the authors advocate for smaller, locally owned manufacturing firms and small farms, which will more positively impact community welfare. They argue that economic development should incorporate these considerations more often, as individuals are not always rational about how they spend surplus capital. Comparing the explanatory powers of civil society variables to market competition variables in Appalachia, the civil society variables (percent of population in civically engaged religions and number of national associations and third places per capita) have a net effect on development, although market

competition explains a larger share of development differences (Mencken, 2006). The authors acknowledge the limitations of their data but advance tentative evidence that counties containing more civil society variables (see entry in Table 2.1) appeared to be pursuing development differently and contained more small stores.

### 2.3.2 Smaller firms are more likely to build a network of bridging social ties among the workforce

Firm size and ownership also affect the degree and nature of management and labor relations, which in turn affect the social norms and ties within a firm and provide spillover effects into the larger community. Many authors do not reference social capital effects directly but instead are concerned with local reinvestment, labor mobility, and resiliency to economic change. Smaller firms are said to be fairer in their treatment of local workers, more likely to supply the type of “patient” capital needed for entrepreneurial ventures, and in turn reduce vulnerability to macroeconomic change (Tolbert et al., 1998). Saxenian’s (1994) description of Silicon Valley approximated Piore and Sabel’s (1984) Italianate industrial districts as a collection of similar firms that shared labor and knowledge through a competitive cooperation that allowed all of the region’s firms to remain innovative. By focusing more on the industrial and economic outcomes of firm agglomeration and type, these authors say comparatively little about the social implications of these arrangements or how they influenced the development of the region’s other amenities and public goods. Piore and Sabel advocated the model of Italianate industrial districts as the preferred form of agglomeration, noting that this arrangement required special institutional frameworks, municipality, paternalist or a federated family firm, which would make investments in worker training and welfare systems to keep the local labor force progressive and available (Piore and Sabel, 1984; Sabel and Zeitlin, 1985). This system improved stability possibly as it sacrificed growth rates.

Sociologists have helped translate how aspects of a local business culture influence a community’s social capital more generally. A better business climate, the relationship between management and workforce, improves productivity as loyal employees are more likely to work hard, honestly, and to produce more conscientious results, offering employers “consummate compliance” instead of only “perfunctory performance”. Social interaction fosters this loyalty among employees through social monitoring. Involving layers of management and more employees in the planning process, even if it slows efficiency of the process, increases these positive workforce benefits (Granovetter, 2005). Strong social capital, born out of horizontal networks of social actors, can reduce transaction costs in communities and benefit businesses. Locally owned businesses and more diversified



economies with smaller firms are more likely to provide this type of support (Tolbert et al., 1998; Chinitz, 1961). These benefits include ease of obtaining capital, equitable treatment of small and large businesses by politicians, and involvement in accomplishing community goals. Social actors can also function to balance the purely monetary driven perspectives of businesses in local political processes. The job opportunities, hiring practices, and culture of local businesses affect who comes into or leaves a community and how prepared the workforce is for future change. Businesses also affect many aspects of worker's lives: happiness at home, opportunities for advancement, and prospects for a stable income. Businesses that provide a sense of bonding capital through the workplace environment and bridging capital through relationships with other businesses and politicians build a community's social network.

Markusen (1996) expanded this work by acknowledging other forms of industrial structure, specifically the hub and spoke districts, which also have a high degree of cooperation with local and nonlocal firms and provide similar community benefits as the Italianate districts. These hub and spoke configurations are more common in the United States, and these districts also encourage their own local cultural bonds and identity. "Spoke" firms tend to make long term contracts with dominant "hub" firms, providing stability and generating substantial intradistrict trade. Satellite industrial platforms, in contrast, did not generate the same type of internal system of social ties and trust. This type of agglomeration leaves local districts with less control over investment decisions and is characterized by less interaction with other firms in the area, short term contracts, and high migration rates both in and out of the economy. These districts also require significant government financial support, including infrastructure concessions and tax breaks (Markusen, 1996). Although the more dominant industrial types in the US include satellite platforms and hub-and-spoke arrangements, Midwestern metropolitan areas are more likely to use Italianate configurations as a way not to develop new industries but to cope with on-going deindustrialization (Markusen, 1996). Considering long term development perspectives, understanding how businesses contribute to a community's social networks and ties is important.

## **2.4 Social capital literature and definitions**

In this section I provide a brief summary of the state of the social capital literature. As mentioned earlier, for the purposes of this research, I use a widely accepted definition of social capital as the "social networks and the associated norms of reciprocity and trust" (Putnam, 1995). This definition of the concept is focused on individual behavior and not on identifying or classifying broader social norms, social sanctions, information channels in a community, or overall trust, obligations, and expectations in a community. Some of these broader elements are still embedded in the observations of

individuals' decisions making. This is a much narrower definition of the concept compared to how it was first described by Coleman, (1988). Coleman (1988) offers four examples of social capital as a way to reveal the different properties of the concept. All four examples include what later scholars would describe as social capital that is derived from primarily bonded ties. The article does not address how outsiders share or receive the benefits of social capital. In each case, there is an existing common familial or culturally shared identity that facilitates the transfer of benefits derived from social capital. The concept of social capital is an old idea, but the term "social capital" did not come into use until after "human capital" was well established. Here I avoid restating the history of social capital theory, which has already been documented, for example, by Woolcock (1998). Much of the research on the subject has focused on proliferating and clarifying definitions and creating quantitative proxies to discern what social capital has accomplished at multiple scales and across a number of issues. The critiques of this literature point out a major gap in the theory. There has not been enough research that examines the mechanisms of how social networks and ties are used and built in communities. As Briggs writes in a symposium on social capital, what is missing is an understanding of "how –precisely- one is to take a resource concept such as social capital and make it actionable." (Putnam et al., 2004, pp. 152)

#### 2.4.1 Research on the use of social networks and ties

Social capital and one potential outcome increased civic engagement became a vogue topic of discourse for a range of social scientists largely due to Putnam's (1993a, 1995, and 2000) research. The theory of social capital has been proposed to bridge a gap in economic development, which was too narrowly focused on market forces and development of human capital (Putnam, 1993b). Many sociologists have become more explicit in addressing economic effects in various contexts and have used the theory of social capital. Sociologist Mark Granovetter's research highlights this transition. In an early article about social relations in an economic context, Granovetter (1985) uses a concept of embeddedness to bridge economists' tendency to "undersocialize" economic actors and sociologists' habit of "oversocializing" social forces. At the time, sociologists spent comparatively little time studying economic markets and a predominant theory was neoclassical economics, which views social relations as a "minor friction" in economic transactions (Granovetter, 1985). Twenty-years later, in a paper devoted to outlining specifically how social capital influences economics, Granovetter (2005) provides clear examples of market embeddedness in social relations and is but one of many social scientists addressing economic questions. Granovetter (2005) summarizes sociologists work on elements of social capital including information, ability to reward or punish, and trust as they affect economic outcomes of

hiring, price, productivity, and innovation. He argues that social capital, thought to lower transaction costs by reducing information asymmetry in markets, can have both positive and negative effects on an economy's ability to endure change, can increase innovative capacity of single firms by developing a network of information sharing, and can influence cultural attitudes towards risk taking.

Putnam's (1993a) *Making Democracy Work* examined how and why the democratic success of regional governments differed and attributed the success of regional government in northern Italy to specific civic culture and traditions different from those in the less successful governments in southern Italy. A popular distinction among types of social capital is the difference between bonding and bridging ties (Gittel and Vidal, 1998; Putnam 2000). Understanding this distinction is important because Putnam uses these contrasting definitions to explain what social capital is capable of in a community. Putnam states that bonding ties are associations between similar people who share characteristics such as ethnic heritage, class, and religious affiliation. Behavioral norms are stronger and easier to enforce in denser networks. Bridging capital, the infrequent interaction of more dissimilar individuals, may offer greater benefits by sharing more unique and more valuable information between participants. Weaker bridging ties between firms are also thought to hold more innovation potential. In rural areas, the difficulty of establishing weak ties is offset by the relative ease of establishing strong bonding ties. Although both types are important, a central argument to his theory is that bridging ties are more essential to the types of decisions and inputs that encourage community building investments (Putnam, 2000) and produce greater resiliency during economic transformation (Safford, 2009).

#### 2.4.2 Measuring social capital

Social capital theorists have encountered challenges trying to operationalize these concepts, and subsequent scholars critique the claims of social capital when theorists still struggle to define the causal mechanisms at work. Social capital is a multi-faceted concept as people are interested in measuring the ties between individuals, how ties are assembled into larger networks, the rate of participation in public and private associations, and the degree of trust between individuals, organizations, and governments (Putnam et al., 2004). Drawing from early theoretical work on effective democratic societies, Putnam (1993a) saw associations, voluntary organizations, as a useful way to capture civic culture. He noted that associations facilitate social collaboration and are often supported by individuals who are more involved and more likely to be civically minded. Organizational density and the presence of third places in a community are both used as a common way to operationalize the concept of social capital (see Table 2.1). Putnam (2001) defended his use of various organizational

measures as the best available but imperfect means of capturing long term trends in a dimension of social capital – social connectedness through formalized and institutionalized groups. As he argues, social capital in organized membership groups is easier to study in part because these groups collect data on themselves (Putnam, 2001, pg. 5).

Among papers that have addressed rural development, a measure of associational activity is nearly ubiquitous, although the ways that authors chose which associations to measure vary (see Table 2.1). Rupasingha et al. (2006) selected certain business establishments from within the classification of all business establishments that reflect a dimension of social capital. In a previous paper (Rupasingha et al., 2000) the authors follow the work of Knack and Keefer (1997) and divide a list of organizations into “Putnam-esque” groups and “Olsonian” groups to reflect a difference between groups that encourage building trust through social interactions, such as civic and sports organizations, and rent-seeking organizations, such as political and labor organizations, respectively. The authors found the same positive relationship between economic performance and each group and the two groups of organizations were combined in the 2006 paper. A recent paper by Deller and Deller (2010) includes a slightly different set of establishment classifications to study the effects of social capital on rural crime rates.

Authors from multiple disciplines continue to propose new methods of measuring the distinctions between bridging and bonding social ties. Beyerlein and Hipp (2005) use church membership data by denominations and define particular religions as more bonding or more bridging and then test the relationship to crime levels. Others have focused on collecting the records of community institutions and groups and have plotted static ties between groups based on cross membership (Safford, 2009) or analyzed the diversity of membership by age and gender to ascertain the degree of bridging ties (Coffé and Geys, 2007). These approaches make a number of assumptions and generalizations, for example, that all members of one church behave similarly and differently from members of another church or that membership in an organization implies networking and active participation. More interesting work uses community surveys and interviews to identify differences in trust and reciprocity (Besser, 2009; Leonard, 2004). However, even these approaches must find standardized ways of quickly assessing an individual’s relationship and attitude to others in the community.

Table 2.1: Measures of social capital used in recent literature

Author(s)	Region	Concept	Measurements			
Tolbert et al. (1998)	U.S. Counties	Civil society	Third places, associations	% Small mfg firms, % family farms	% in civically engaged denominations	
Onyx and Bullen (2000)	5 Australian towns	Social Capital	Individual level survey: 68 questions about 8 dimensions of social capital (community, agency, trust, neighbors, friends, tolerance, value of life, workplace). Respondents were asked to rate their opinions on a 1 to 4 scale, the authors identify 36 core questions.			
Putnam (2000)	U.S. Counties	Social capital	Newspaper readership	Voter turn-out rates	Associational membership	
Mencken et al. (2006)	Appalachian Counties	Civic engagement	% in civically engaged denominations (1990)	# of Nat. Assoc. per capita (1990)	# of third places (1990)	
Rupasinha et al. (2006)	U.S. Counties	Social capital	Census response rate	Voter turnout in presidential elections	# of NCCS non-profits per 1000	# of CBP establishments per 1000
Coffé and Geys (2007)	Flanders, Belgium	Bridging vs. bonding organizations	Authors use gender and age of organization's membership lists to create a diversity score. Organizations that balance gender and include multiple age groups are labeled as bridging organizations.			
Besser (2009)	Iowa Counties	Bonding and Bridging ties	Telephone surveys in 1999 and 2004: 150 households in a single town in each county. Questions included town friendliness, friendships, trust, respect towards leaders, organizational and personal motives.			
Isserman et al. (2009)	U.S. Counties	Civic engagement	Social capital establishments per capita	% Small mfg firms, % family farms	% in civically engaged denominations	% of the population w/ a single shared ancestry
Safford (2009)	Two cities in Midwest	Social networks	Shared membership in economic organizations	Shared membership in civic organizations		
Deller and Deller (2010)	U.S. Rural Counties	Social capital	# of CBP establishments per 1000	# of NCCS non-profits that have filed a 990 per 1000	# of churches (evangelical, Catholic, Jewish, other) per 1,000	Cooperatives per 1000 people
Full citations for these measured can be found in the reference section.						

### 2.4.3 Previous studies that use social capital as an explanatory variable

Generalizing the existing empirical work that looks for the effects of social capital on community outcomes, counties that have more evidence of active social networks and more bridging social ties should have better economic and social outcomes (Putnam, 1993a; Safford, 2009; Besser, 2009). Isserman et al. (2009) found weak evidence for the role of social capital in explaining higher prosperity scores among counties using county level 2000 data. Furthermore, the presence of a larger middle class should be instrumental in creating the types of organizations and social norms that promote investing in public goods over club goods (Duncan, 1999). Places with a higher degree of social divisions have a

harder time working together (Duncan, 1999) and are less likely to support public investment (Alsenia, et al., 2005). In the medium to long run, diversity may improve the overall quality of a social network's decisions by increasing the number of perspectives and possibilities, but there is evidence that in the short run diversity may constrict the perspectives and possibilities considered. That is, people living in more diverse communities are likely to have less trust and fewer social ties, both bridging and bonding, and thus be unable to take advantage of their diversity (Putnam, 2007). In rural areas, social capital is a good predictor of lower crime rates (Deller and Deller, 2010). Social capital was also linked to small business success (Besser, 1999) and more effective community mobilization (Sharp, 1998).

There have been several contributions to the literature by researchers who have also focused on Iowa. Using community surveys instead of interviews, Agnitsch, et al. (2006) found that a communities' level of social capital predicted the level of community action. The authors found that communities that had high levels of either bridging or bonding social capital were more likely to have recently completed community projects, suggesting that communities were finding ways to leverage either type of tie. The authors acknowledge the importance of not focusing on social capital to the exclusion of other forms of capital and note that social capital is not a substitute for financial capital, but they do not account for community's relative levels of financial capital in their models. Terry Besser, a sociologist at Iowa State University, has produced a number of papers that examine the effect of social capital on rural outcomes (Besser, 1999; Besser et al., 2008; Besser, 2009). Besser (2009) and Besser et al. (2008) both draw from the same quantitative survey as used by Agnitsch et al. (2006). The survey, which was completed in 1994 and replicated in 2004, sampled a single town within each county in Iowa and conducted 150 telephone surveys in each town. Besser (2009) supports Putnam (2000) and finds that "both bridging and bonding social capital declined significantly over the 10 year period" but that during this time period there was an increase in the number of reported community projects. The longitudinal dataset provides extra insights into how social capital has changed in this sample of rural Iowa towns. He found an interesting relationship between median household income and social capital. An increase in median household income from 1994 to 2004 was associated with an increase in both bridging and bonding social capital. However, in a cross sectional study of the 2004 data, median household income levels were negatively associated with civic engagement. Besser concludes that an increase in income might lead to 'a generalized sense of goodwill and hopefulness' in the community's future while "...towns with higher overall income may either use their relative prosperity as a substitute for personal involvement, i.e. they have the collective resources to hire staff for community projects and do not need as many volunteers ..." (Besser, 2009, pp. 191).

Social capital is an important resource for community improvement when it mobilizes people to perform community betterment projects, reduces crime, increases government effectiveness, and produces economic benefits (Besser et al., 2008). Horizontally organized associations and weak ties that exist among diverse social actors increase the chance that communities will develop networks of civic engagement that encourage norms of collective action by offering a structure that increases the cost of defecting (Putnam, 1993a). Social capital is visible through the collaboration of social networks that take on specific projects (Callois and Aubert, 2007). In fact, the presence of these projects reveals the nature and strength of a place's social capital. Social capital increases over time through use, and communities that have a pattern of collaborating will be able to collaborate on successively larger projects (Putnam, 1993b).

#### 2.4.4 Critiques of social capital

The way social capital has been operationalized has faced numerous critiques, which is especially problematic because much of the existing work that has been done in rural areas has relied on a few of these measures derived from existing data sources. While properly operationalizing the concept is important, I am more interested in the larger critique of the theory, that we lack an understanding of how to encourage the formation, use, or transformation of social capital in a community. Not enough work has been done to test the mechanisms of social capital.

This distinction between bridging and bonding ties has drawn several critiques that the measures are under theorized and not enough studies have examined the mechanisms of each (Leonard, 2004), that the definitions are not well operationalized (Coffé and Geys, 2007), and that it is simplistic to assume that bridging ties are better given the first two critiques. Woolcock (1998) has summarized an argument by several authors who point out that it is problematic to use measures of associational density as a way to operationalize the concept of social capital, because this measure confuses the theoretical argument about how social capital is produced (through repeated interactions in an organization) and what benefits it creates (a lively, engaged society with multiple associations). Tarrow (1996) also identifies several concerns about the way Putnam has chosen to operationalize social capital based on his own experience in Italy and work on the subject. He argues that Putnam has introduced the problem of multicollinearity when he chooses variables that differentiate strongly by particular political society or by dominant religious practices. For example, Socialist and Catholic groups deliberately create secondary associations, therefore inflating an overall count of civic associations in a region, which is used as a measure of social capital. His second most powerful critique for researchers

working in the context of the United States is one that has been levied against several efforts to empirically test for the effect of social capital in the context of a small set of communities. Simply, Putnam selectively uses historical examples to make his point and sporadically discusses over 800 years of history without a clear rationale for why some time periods are examined or skipped (Tarrow, 1996).

Case studies of social capital by Putnam (1993a) and Safford (2009) have gained national attention, but these cases have been critiqued for inadequately addressing connections between history, social norms and financial resources. Too often, the author's final conclusion is that the characteristics of a community's social networks caused the economy to decline or improve and there is too little discussion about the effect of other aspects of the community's context (Rotberg, 2001 and Ferragina, 2012).

## **2.5 Synthesizing the literature**

I have decided to focus on incorporating two additional variables, financial capital and place characteristics, into an understanding of the ties that are used in social networks. This focus is an attempt to contribute to the most problematic gaps I see in the social capital literature. The first gap is a failure to consider the presence or absence of other forms of capital in a community. Not enough literature has observed social capital's substitutability with other forms of capital. The second gap is a failure to consider the evolution of social capital in a nuanced way. Many authors claim that social capital is historically determined and say too little about current residents' agency in adapting their social networks and ties. How does social capital function in the context of differing socioeconomic contexts and how does it influence community development?

### **2.5.1 Financial capital**

A number of studies have found a relationship between social capital and financial capital. Communities with greater income equality are thought to support higher levels of social capital and to be more civically engaged (Putnam, 2000). Communities with a larger middle class are more likely to support the provision of public goods as opposed to club goods (Duncan, 1999). Nations with higher and more equal incomes have higher trust and civic norms Knack and Keefer (1997). A second component of this literature provides supportive evidence about the intertwined relationship between financial capital and social capital and emphasizes the importance of size and ownership in economic production systems and human capital.



Goldschmidt's (1947) primary claim reverses the causal mechanisms as Putnam understood them. To Goldschmidt, the system of economic production influenced the social relationships, which in turn influenced investment in the community and social conditions. Ownership of assets in a community impacts wealth distribution. In 2000 county prosperity data, prosperity was positively correlated with income equality (Isserman et al., 2009). The importance of equal access to economic resources was also supported by research from Duncan (1999) and Fitchen (1994). Historical ownership of land, labor, and capital in the community can continue to affect economic opportunity decades later. Ownership of natural resources has a history of inequality. Coal mines were primarily corporately owned by nonlocal owners who hired immigrant labor that had few other options or assets locally. Many timber lands used for harvest are also consolidated under private or federal ownership.

By comparison, farmland is unique. In some states, but not Iowa, tracts of land were given away by the government in land rushes in the 1860s, partially fulfilling the Thomas Jeffersonian ideal, but this period of equal and open access to farmland was over by 1920 (Harvey, 1993). In Iowa, much of the state's land was deeded to railroad companies who hired land agents to sell land on a first come first served basis. Land further west, in more remote areas of the state, was cheaper and the land sales allowed settlers and immigrants with varying amounts of total wealth to become asset owners. This dispersal process meant that many of Iowa's counties were settled by individuals who owned assets, primarily owner-operated farmers. Agricultural production has always been a cyclical industry with booms and busts, with each bust moving some people off their lands and out of the industry permanently, often to the benefit of existing land owners. So while a level playing field in agricultural production did not persist and offer the same opportunities as those first families received in land rushes in the 1860s or earlier, the system of land ownership was still more equally distributed in agricultural regions than in other natural resource regions of timber or coal mining.

In this regard, farming communities in the Heartland had a historical advantage. There was a more equal access to farm land, and this resource was more profitable than in other regions. The unique economic and social history of the Midwest, with its rich fertile soils, offered early settlers and communities widespread access to capital accumulation. This was an advantage even over other farming regions, including the less fertile farmland in Upstate New York, which challenged even the most skilled farmers (Fitchen, 1995) and the socially stratified sharecropping and tenancy structure, which restricted access to ownership in the Delta (Duncan, 1999). To the extent that a higher productivity per acre in the Midwest, or among different parts of the Midwest, allowed farmers to make a living on smaller parcels of land longer, these communities might have had certain social capital advantages. The type of soil and

its profitability for production agriculture declines in the geographically southern parts of Iowa as will be explained in Chapter 4.

### 2.5.2 Social cultural norms

Understanding social capital as a tool for community development draws in studies that may not explicitly address social capital but how social capital is used. This literature uses a range of definitions, considering at turns religious philosophies, community pride, and current and historical settlement patterns among other variations when examining local action. Portes (2000) reminds readers of the classical definition of social capital developed by Bourdieu and Coleman, which emphasizes that individuals purposefully built ties with others, even expending other forms of capital to secure those ties in order to later access some benefits through their ties with others. Social capital at an individual level served as a form of social control, a source of family-mediated benefits, and resources mediated by nonfamily networks. Bourdieu distinguished many family-mediated benefits as cultural capital as families pass on traditions, heritages, and established values and outlooks to their members. Some of the attributes of “community civiness” may be explicable by cultural capital or some members in the community. To distinguish the difference, Portes notes that members of the community’s actions may be explained by their cultural role growing up as a member in a particular ethnic community, “This is because it is based on values interjected during the socialization process and that are enacted regardless of whether individuals are isolated or form part of a community.” (Portes, 2000, pp 10).

Cultural norms are behaviors and beliefs encouraged or discouraged through a community’s social capital. Cultural norms are the underpinnings of community wide rules, but they also affect an individual’s self-identity. Some cultural norms are egalitarian, while others use race, gender, income, ancestry, or religion to separate the community (Howley et al., 2008). These norms become self-reinforcing as they are perpetuated throughout the community in accepted business practices, formal policy, and institutions. A study of national cultures presented five common variations, “(1) individualism to collectivism, (2) class or status based elitism to egalitarianism, (3) risk-taking or risk-avoidance, (4) male dominance to gender equity, and (5) past-orientation to future-orientation” (Howley et al., 2008). Understanding the community’s cultural norms, particularly how the community treats ‘others’ and how these norms are perpetuated, provides a unique insight into why a community pursues particular forms of engagement. Differences in a community’s sense of place affected their willingness to fight federal land legislation (Wufholst, 2006) and, more generally, differences in communities’ worldviews about individualism affected rural land use (Curry, 2000). Furthermore, rapid

in-migration and growth of rural bedroom communities have negatively affected residents' ability to work together (Salamon, 2003). Most of these authors address a set of social norms and cultural capital of a community, and they imply that these norms are widely shared among the population, forming a collective identity to have influence over a community's actions.

### 2.5.3 Group based social norms influence networks and priorities

There are many ways to construe similarities and differences within a population. Theorists have advanced ideas that a more homogenous society is more likely to invest in local development than more diversified societies. Homogeneity also extends past personal identity to wealth. Related to this argument are theories that particular groups of people, bound by specific state, ethnic, racial, or religious identities have different attitudes and capacities for involvement in local place based development. Literature on this subject has also introduced the idea that social capital, and in particular strong bonding ties, can produce negative externalities when a dominant group does not share resources or actively uses their collective capital to discriminate against outsiders (Portes, 1998). A shared ethnic heritage can increase the likelihood of stronger group solidarity, and, like a shared sense of place, ethnic heritage can influence acceptable social norms (Salamon, 1992).

Salamon noted that Midwestern rural farming populations are dominated by two ethnic groups: Germans and Yankees (residents claiming any ancestry from the British Isles although many people who claim an "American" ancestry are most likely descendants of people from the British Isles as well). Patterns in the treatment of land, maintenance of family farms, and community outcomes corresponded to differences in historical settlement patterns and white European ethnic heritages. For example, Salamon (1992) found that Yankee settlers from the British Isles, were more likely to be land speculators and less likely to invest in their local communities. Early studies of immigrant settlement patterns reveal cultural differences in attitudes towards property, land, and community (Van Der Zee, 1912). Observable differences between Yankee and German communities were found to persist generations later whether the participants were conscious of their differences or not. Across the 12 states Salamon notes as being Midwestern, 59.1 percent of rural farm residents claimed a German ancestry and 23.5 percent claimed a Yankee ancestry in 1980 (Salamon, 1992, pp. 34). Putnam found a Scandinavian ancestry was a strong predictor of state wide social capital measures in the 1990s. Putnam's state by state social capital measures overlap with a definition of the Midwest, although persistently prosperous places are centered around the state of Iowa, which has lower social capital than its Northern neighbors of Minnesota, North Dakota, and South Dakota.

Race and ethnicity also influence participation in networks and provide the basis for bonding ties in a community and the need for bridging ties. The effects of racial discrimination on economic development can persist decades after formal segregation has ended as shown in the still segregated parts of the US South, captured by Duncan's (1999) Dahlia. The President of the Southern Regional Science Association in a Fellow's address in 1960, writing after the abolishment of "separate but equal" but before the Civil Rights Act of 1964, warned that the racial heterogeneity, animosity, and differential skills and incomes were something economists could not ignore as they looked into the future of the region (Nicholls, 1960). Less ethnically diverse urban places have been shown to support the provision of more public goods of a higher standard (Alesina et al, 2005). Population homogeneity is thought to reduce the degree of fractionalization in a society, increasing both consensus and attitudes of solidarity and making it more desirable for residents to support the entire community with their surplus resources instead of guarding funds for themselves.

The focus of this research, the state of Iowa, avoided an early history of slavery and although industrial cities in the Midwest experienced substantial northern migration of blacks during the Great Migration, people living in rural communities throughout the Midwest remain predominantly Caucasians. A growing demographic trend among these counties is an increase in the Hispanic populations. None of the counties in my study have been significantly affected by Hispanic populations.

## **2.6 Planning**

Jane Jacobs (1961) study is frequently mentioned as one of the classic historical pieces that contributes to social capital theory. Although she doesn't use the same terms, her study says a lot about how the built environment promotes or hinders the formation of social ties.

Communicative planning is an important contribution to the idea of building agency in local action (Innes, 1996). This literature in all of its discussions about providing dialog that creates consensus building could be talking about how to create new bridging ties and avoid the dominance of a single bonded group. In later work, Booher and Innes (2002) acknowledge the power of social context and forces but still do not engage with the idea of social capital. The authors provide a network power model saying, "As we explore the phenomenon of network power, it becomes evident that planners play many key roles in making it possible, participating in it, shaping its form and direction, influencing its outcomes, providing opportunities for it and helping other agents to create and use it." (Booher and Innes, 2002, pp. 232).

This idea of network power in collaborative planning is distinct from the idea of social networks although the latter is heavily embedded in the former, a point the authors do not acknowledge. The authors go on to emphasize the importance of diversity and indicate that representatives of business organizations and agricultural organizations must be well connected to other business owners and agriculturalists in a community in order to build authentic dialog. Essentially, the authors are saying that the most effective bridges are those representatives who are at the center of their individual bonded groups. Furthermore, “If a network of agents achieve [sic] such shared meaning, they acquire a new power to act and accomplish, whether through joint or individual action. They have created a sort of community with common purpose and heuristics to guide future action.” (Booher and Innes, 2002, pp. 228). This theory sounds similar to the idea that bridging ties are important in a community and within an organizational framework. A network of bridging ties provides more resources and potential for success.

The 2003 ACSP/AESOP Joint Congress initiated a book about network analysis titled *The Network Society: A new context for planning?* It explores several leading theorists’ ideas about the topic. Planners appear to be more directly engaging with the concept of social networks but have still not done much work empirically (Dempwolf and Lyles, 2012). A review of formal social network analysis in the field of planning revealed that throughout *The Network Society* no mention is made of social network analysis or theories about strong and weak ties, and very little empirical work is done in the field of planning using social network analysis. My research eschews a formal social network analysis for a more qualitatively grounded investigation of the use of social capital, but I support the findings of Dempwolf and Lyles who argue,

In our view, although the planning literature has begun to engage network issues from multiple angles, empirical knowledge of how actors in planning processes are embedded within networks and how the structure of those networks serves to enable or inhibit individual and joint action to address wicked problems and social dilemmas is underdeveloped. (Dempwolf and Lyles, 2012, pp. 4).

Consistent with the critiques mentioned earlier in this chapter, a lot of people have dismissed social capital theories since they first debuted with great acclaim. The spring 2004 issue of the *Journal of the American Planning Association (JAPA)* contained a symposium article on social capital; several prominent scholars make the case for why social capital matters to planning. Social capital aids in community problem solving and supports community initiated efforts to influence development. Since this issue was published, there have been only 22 articles that use the term “social capital” published in *JAPA*. Political scientists, sociologists, and behavioral economists continue to interrogate the theory to

advance their study of political efficacy, group relationships, health outcomes, and behavior. Planners can offer important contributions to this theory by doing research that studies social capital under development (Putnam et al., 2004).

There is a body of literature that focuses on regional economic development organizations and local economic development decision making. The contribution by Reese and Rosenfeld (2002) is an important example of how combining work in governance, strategic management, and organizational theories with case studies can advance our understanding. As another example, the work of Besser et al. (2008) draws from literature on community responses to natural disasters to test the change in a community's social capital as a result of large and small positive and negative shocks. His findings do not support the consensus crisis theory, that some shocks, like natural disasters build social capital. All of the studied shocks produced a decline in social capital. What he did find is that a large positive shock or a series of small positive shocks can off-set any negative externalities from previous negative shocks, suggesting that scholars should study a range of shocks. Local social capital was equally diminished by either a series of small negative shocks or one larger negative shock (Besser et al., 2008). Subsequently, smaller positive shocks helped a community rebound from a large negative shock. This type of research is an excellent example of how social capital theory can directly inform planning practice. There is a role for a deeper understanding of social capital in studying how agendas are created and how localities access resources in economic development planning.

## **2.7 Conclusion**

There are still many unanswered questions about what role community history and characteristics play in determining the structure and effectiveness of social capital in a community. Are the residents in places with different histories and contexts utilizing bridging and bonding social capital in similar ways or not? If we see differences in the outcomes of the civic engagement, can these differences be explained by the structure of social capital, availability of financial resources, processes, or something else? Putnam and Safford both support a theory about social capital and the relative importance of bridging and bonding ties. If these claims are true, then understanding the differences between these ties and, more importantly, how to transform these ties or use them differently becomes critically important to our work in economic development planning. However, neither Putnam nor Safford ask this question. Communities either have more or less bridging social capital and their economic futures are better or worse as a result. These reductionist conclusions imply social capital is deterministic. There is a tension in the broader literature of social capital case studies between inherent

characteristics that form social capital and a community's internal ability to use social capital to overcome history and implement policies. What policy lessons can planners employ if so much of a community's actions are a result of its past?

Studies considering the impact of financial resources correct for the most basic problem. Financial capital influences social capital. Cynthia Duncan has shown how social capital has perpetuated poverty in Appalachia and Mississippi Delta communities that lacked a mechanism for overcoming class and race differences. She contrasted this result with another community in which the presence of a large middle class promoted cross class ties and advocated for civic investments that supported education and opportunities for poor residents to break out of a cycle of poverty (Duncan, 1999). There has been too little research that examines the relationship between social capital and other capitals using a small scale of analysis like a project, an organization, or a community. How substitutable is social capital for other types of capital, and do communities find different ways to use social capital to obtain financial capital?

On the matter of quantitatively measuring social capital, all of the work being done to better measure these concepts has still stopped at trying to show that bridging ties are better than bonding ties. The efforts to find new ways to measure social capital have mostly occurred at an aggregated scale. There has been little effort to examine how social relationships are used for development and how these ties change over time. What types of actions and behaviors do quantitative measures of social capital capture, and how meaningful are categories like bonding and bridging and more and less?

My interest is to step back from the narrow perspective of trying to measure the stock of social capital, place the use of social capital into a broader context of a community, and use observations and interviews to understand how different ties are used in a community and why. I start Chapter 3, which explains my research design and methods, by using these literatures to formulate three hypotheses to test for the influences of the types of social ties, the amount and distribution of financial capital, and the degree of community homogeneity and community attributes on local action in communities. This approach will begin to correct for one of the gaps in the social capital literature by focusing on how social capital functions during economic development projects.

## CHAPTER 3: DESIGNING AN EMBEDDED CASE STUDY AND DATA ANALYSIS PLAN

### 3.1 Introduction

In this chapter I set out my research design, a multi-county embedded case study of the organizations and individuals who engage in rural development projects in their communities (see Figure 3.1). This method allows this research to study simultaneously the use of both bridging and bonding social ties, how the presence and need for financial capital affect the use of social networks and ties, and how the previous history of civic engagement, social norms, religious majorities, and common identities affect stocks of bonding capital and the use of bridging capital. As noted in Chapter 2, situating a study of social networks and ties more firmly into the socioeconomic context of the community will improve our understanding of how social ties are used and developed during community initiatives.

I use this method to study social networks and ties because it allows a disaggregated view of social networks, primary actors, and sources of bonding and bridging ties in a community. The comparison of multiple projects across communities allows this research to speak to rural development policy at the community level in a way that can benefit policy makers and practitioners. This design avoids some of the criticisms about previous studies as mentioned in Chapter 2 by creating a descriptive narrative of social interactions and ties. These narratives provide a dynamic view of social networks and ties as it is used, which analysis built from point in time membership in formal organizations cannot. Transforming the descriptive narrative into a social networking map preserves the richness of detail, the motivating factors behind certain ties, and still illuminates the central and peripheral actors in a way that formal social network analysis cannot (see Figure 3.2).

In order to situate these cases into a larger, generalizable framework, I still rely on county-level measures of social capital while selecting counties to maximize the difference in social capital levels within the state of Iowa. In the following chapter I detail the statistical correlations between the county averages of community prosperity and each of my three variables of interest: level of social capital, level of financial capital, and population homogeneity. In this chapter I outline my methods for qualitatively exploring these correlations.

Using quantitative measures to maximize differences, my research design uses a deviant pathway case study approach that selects places that are most likely to reveal the relationships between my variables (Gerring, 2007a), and I use theoretical replication by selecting places that are least likely to share the same relationships (Yin, 2003). I strengthen my design by using literal replication and choose a total of four counties and a total of two communities within each county for study. Choosing only one



project in each community allows me to develop rich detail, and I limit potential selection bias by providing a brief description of between three and five additional projects in each county. Furthermore, I use a combination of purposive and snowball sampling techniques to reach my population of interest: engaged residents and elected and informal leaders in each community. I further strengthen my case study method by developing separate fact patterns for my hypothesis and two counterhypotheses.

This chapter details these choices in research design, methods, and concepts. Section 3.2 outlines my theoretical argument and formally presents three hypotheses. Section 3.3 describes how I use quantitative data to operationalize my key concepts and select counties, communities, and projects. Section 3.4 describes the fact patterns I have created for each hypothesis and how I have organized my data collection process. Section 3.5 discusses my data collection strategies. Section 3.6 concludes the chapter.

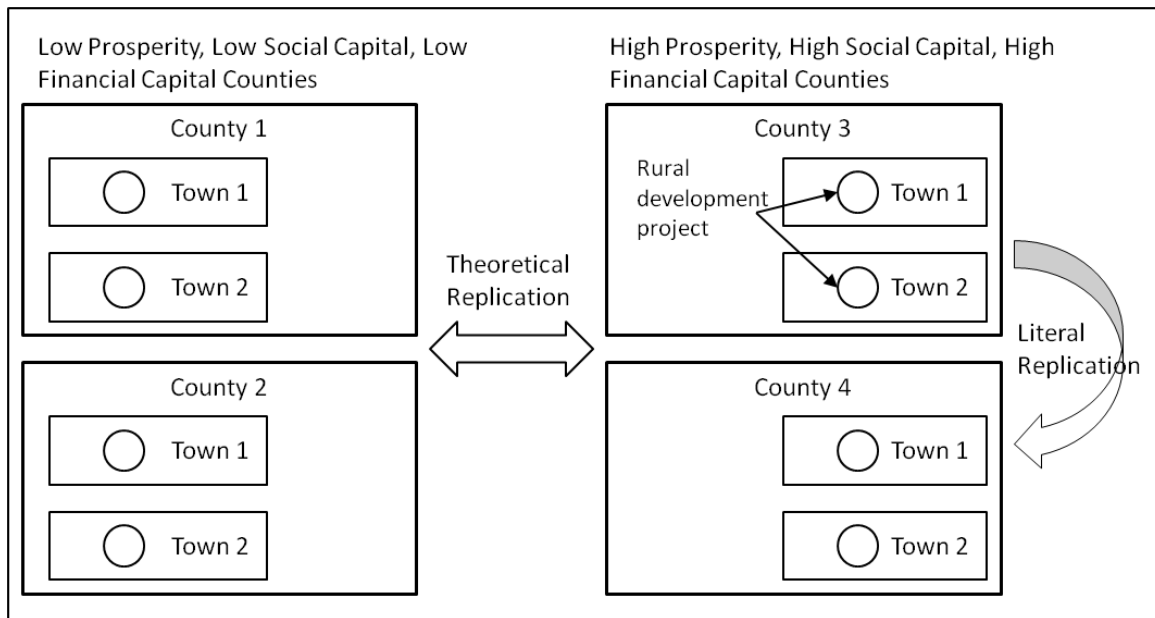


Figure 3.1: The embedded case study research design

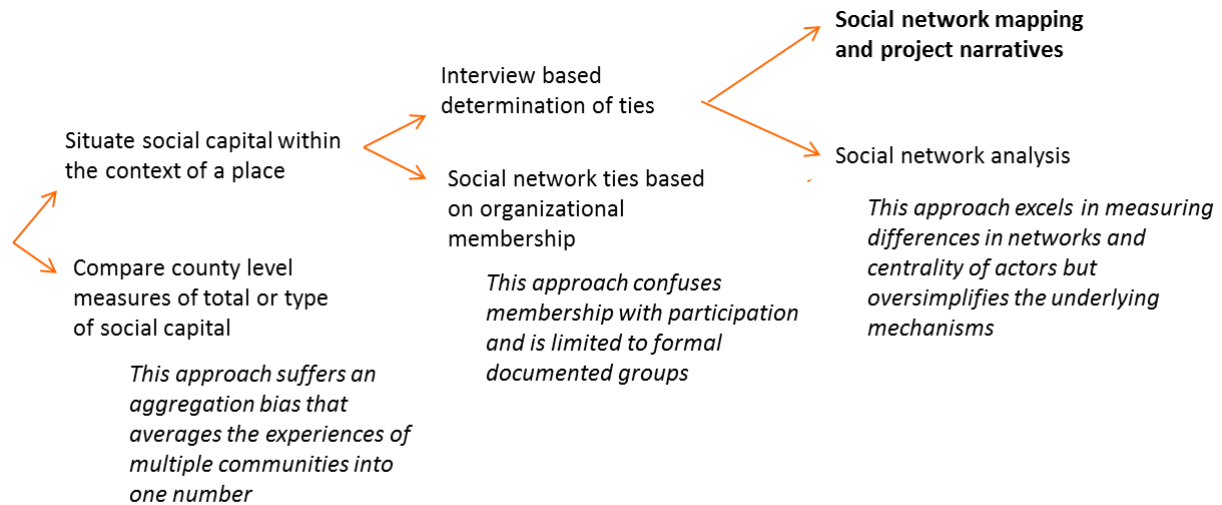


Figure 3.2: Design choices used in this research project

### 3.2 Theoretical argument

I frame my theoretical argument by contrasting three hypotheses. Each hypothesis might be an explanation of variation in success of project accomplishment as a means toward rural development and prosperity. It is also possible that all three explanations, and specifically how the individual factors interact, contribute to an explanation of observed variation.

#### 3.2.1 Multiple working hypotheses

I use previous examples from the literature to form a set of hypotheses below. I frame the conventional hypothesis around Safford’s (2009) case of Allentown, Pennsylvania. Safford labels Allentown’s loose connections between economic and social organizations as bridging ties because there were multiple independent groups of people, with different access to resources, who could be accessed through a variety of people and affiliations. Safford theorizes this network structure accounts for how the region was able to adapt more successfully than Youngstown, Ohio to economic transformation. As the steel industry executives suffered from loss of business, other groups in the community still functioned and came to the aid of the steel group when appropriate. The main causal link in this example can be framed within the context of my research as follows.

A social network with strong bonding ties that has, builds, and uses bridging ties as it addresses local decisions is more likely to be able to successfully complete rural development projects leading to better community outcomes and more prosperity.

The literature and this hypothesis suggest that the principal mechanisms are the structure of the primary network and the methods the network uses to access resources. Here I employ a complementary understanding of bridging and bonding ties, assuming that both can exist and support local development without competing for trust and reciprocity among the population. The cumulative effects of these differences in network structures and network functionality influence the trajectory of long term community development. However, this relationship suggests two counterhypotheses.

The first counterhypothesis focuses on resources other than the value derived from a community's set of social assets.

It is the level of resources within a network and the primary community and not the presence of bridging ties and the strength of bonding ties that affects the network's ability to successfully complete rural development projects. Therefore, bridging ties are just as likely to be found in prosperous as in non-prosperous places.

This hypothesis reverses the conventional explanation that inadequate social networks and ties limit an economy's resiliency and vibrancy. Social networks are found to be inadequate when they fail to lead to good governance, permit or encourage corruption and misallocation of public funds, support investments in private benefits but not public benefits, and otherwise fail to procure the resources and successfully implement the projects and policies necessary for long term development. I look for examples of the use of social networks across multiple cases with both high and low resources and consider the opposite relationship, that financial capital facilitates social capital and in a self-reinforcing way creates economic prosperity. The relationship between social capital and financial capital has been explored before, but mostly at the level of transactions between individuals, or individual behavior. As Putnam (2000) points out, poorer people have less excess time for volunteering and less money for donations, which will affect their observable civic engagement patterns. In a wealthier community, people could be more willing to work together because on average more people feel they can spare the time or the money to do so. It may also be possible that in richer regions there is less of a need to build partnerships around projects because each individual organization and group of bonded social networks have access to more resources.

Duncan's (1999) three case studies provide a more community wide exploration of the relationship between financial resources and social capital. Although all three communities have higher poverty rates, one community shows evidence of working together to mitigate the cycle of poverty by supporting investment in public goods rather than club goods. The important distinction for present purposes is that public goods are available to all, and club goods are restricted to members only, for

example, a swimming pool paid for through taxes and open to all versus a swimming pool open to country club members only. The presence of a middle class supported these public investments and furthermore provided the organizations and opportunities for class bridging interactions and partnerships. Therefore, the distribution of resources within the general population is identified as the cause for observed bridging ties. Restated, it was the historic ownership of assets and distribution of financial capital in the communities that has had an enduring effect on socioeconomic conditions and social networks and ties.

The second counterhypothesis focuses on examining how differences in the characteristics among particular people or the historical settlement of places affect not only a community's propensity to form ties but also what people are more likely to do with their ties. A community's dominant religious tenets, such as inwardly and outwardly looking attitudes, may affect the group's interest in forming social ties. Authors claim that mainline Protestants and Catholics are more likely to support bridging ties while evangelical Protestant groups are more likely to support bonding ties (Beyerlein and Hipp, 2005). Similarly, Salamon (1992) speaks about the effect of ethnic differences directly in her case study of attitudes towards land use. Communities dominated by German Lutherans are more likely to stay in place, tending the same farmland for generations, while "Yankees" or English descendants are more likely to move from farm to farm or area to area. These two different groups had broad differences among their general attitudes towards settlement, family, and community. These differences had many manifestations in current conditions and are identified as the primary causal mechanism for observed differences in community outcomes.

This previous work leads to the second counter hypothesis:

It is the community's place specific characteristics (ancestry, religion, historical settlement) that affect the norms around civic engagement--volunteering, sense of place, and willingness to donate—and thus the community's ability to successfully complete rural development projects. Therefore, bridging ties are as likely to be found in prosperous as in non-prosperous places, and resource levels and distribution of resources are as likely to be high as low in prosperous and non-prosperous places.

These possible explanations provide three distinct fact patterns that I will try to separately falsify (see Table 3.1).

Table 3.1: Fact patterns for each hypothesis

<i>Hypothesis</i>	<i>Prosperous</i>	<i>Non-prosperous</i>
<b>1: More bridging ties</b>	Prosperous places use more bridging ties when seeking resources	More likely to use bonding ties than bridging ties
<b>2: More financial resources</b>	Prosperous places can access more resources through networks regardless of ties and are taking on large projects and more projects	Using both bridging and bonding ties but unable to address large issues because of a lack of funding
<b>3: More general support for civic engagement</b>	Prosperous places have a more clearly defined common identity and are more likely to support projects that contribute to prosperity	Community members have different goals for the future of the community and the role of citizen involvement; local action is less likely to attempt to address issues that affect prosperity

### 3.3 Operationalizing the Central Concepts for County Selection

After establishing my hypothesis and two counterhypotheses I translate these concepts into measures to select counties as the first part of my design. I want to discover how local processes differ in counties with exceptionally high and sustained socioeconomic outcomes from those with lower socioeconomic outcomes. So, I prioritize maximizing socioeconomic difference, which I measure with the cumulative weighted prosperity index. I also establish ways of measuring social capital, financial capital, and community attributes to select counties.

#### 3.3.1 County Case Selection

I operationalize long term developmental outcomes by using the prosperity index (Isserman, 2005). Building on previous research (Isserman et al., 2009; Rahe, 2008), I use a cumulative weighted prosperity index that combines five different indicators of community health: poverty rates, unemployment rates, high school dropout rates, crowded housing, and housing cost burden. In this work I have converted the original concept of prosperity from an aggregation of four benchmarks to the national county average (1 if the county exceeded the national average in a positive way, e.g. had lower poverty rates, or 0 if the county did worse than the nation on the indicator) to a weighted index that is no longer benchmarked to the national average but allows for improved county to county comparisons. The previous scale hid too much variability among the data.

I chose to apply a non-theoretically based weighting scale that gave equal priority to poverty rates and unemployment rates. This weighting system de-emphasized high school dropout rates, because this number is more prone to variability due to a small numbers problem in rural counties. It

also de-emphasized the housing characteristics because there is little prevalence of overcrowding in rural Iowa and because I had to accept a higher threshold of 35 percent of income instead of the more standard 30 percent of total income spent on housing to track the same statistic back to 1980 (Rahe, 2008). This formula produced a range of scores across all rural counties in the nation that preserved, with some finer distinctions, the national patterns observed previously (Isserman et al., 2009). See Figure 3.3. I applied the same simple weighting formula to the variable across the three time points of data using this formula:

$$\text{Weighted Prosperity Index}_t = 0.3(\text{poverty rate}_t) + 0.3(\text{unemployment rate}_t) + 0.25(\text{high school dropout rate}_t) + 0.15(\text{housing variables}_t; \text{percent of homes with overcrowding} + \text{percent paying more than 35\% of income on housing}).$$

$$\text{Cumulative Weighted Prosperity Index} = \text{WPI}_{1980} + \text{WPI}_{1990} + \text{WPI}_{2000}$$

Counties with a lower number have scored better on the indicators and are therefore considered more prosperous. The index creates a weighted total of the percent of an area's population that lives in poverty, is unemployed, and dropped out of high school. It also considers the percent of households that spend too much of their income on housing or live in overcrowded conditions. The prosperity measure complements previous work that has produced indices of distress and offers a fuller spectrum of rural outcomes. Distressed counties in Appalachia and the Mississippi Delta and counties along the US-Mexican border are among the lowest prosperity counties in the country. In contrast counties in Iowa, lower Minnesota, Nebraska, Kansas, and Wisconsin and parts of several New England states have the highest prosperity values.

I tried to update the prosperity index using the 2006-2010 American Community Survey (ACS) five year estimates. The ACS improved data transparency by providing margins of error for every data point, but they have simultaneously lowered the sampling rate and are creating fundamentally different data over time than the former point in time sampling that occurred during the decennial census. This change complicates the study of rural areas by emphasizing the small numbers problem. For example, the percent of high school drop outs is calculated based on the total number of people ages 16 to 19 in a county. In a county with a small population, decreasing the sampling rate for a subset of the population creates unacceptably wide confidence intervals. The ACS produced estimates of high school dropout rates that contained 0 within the margin of error for 31 of the 62 rural non-core counties in Iowa. Some of the state's smallest counties had estimates accompanied by a confidence interval that had a range of 20 percentage points or more.

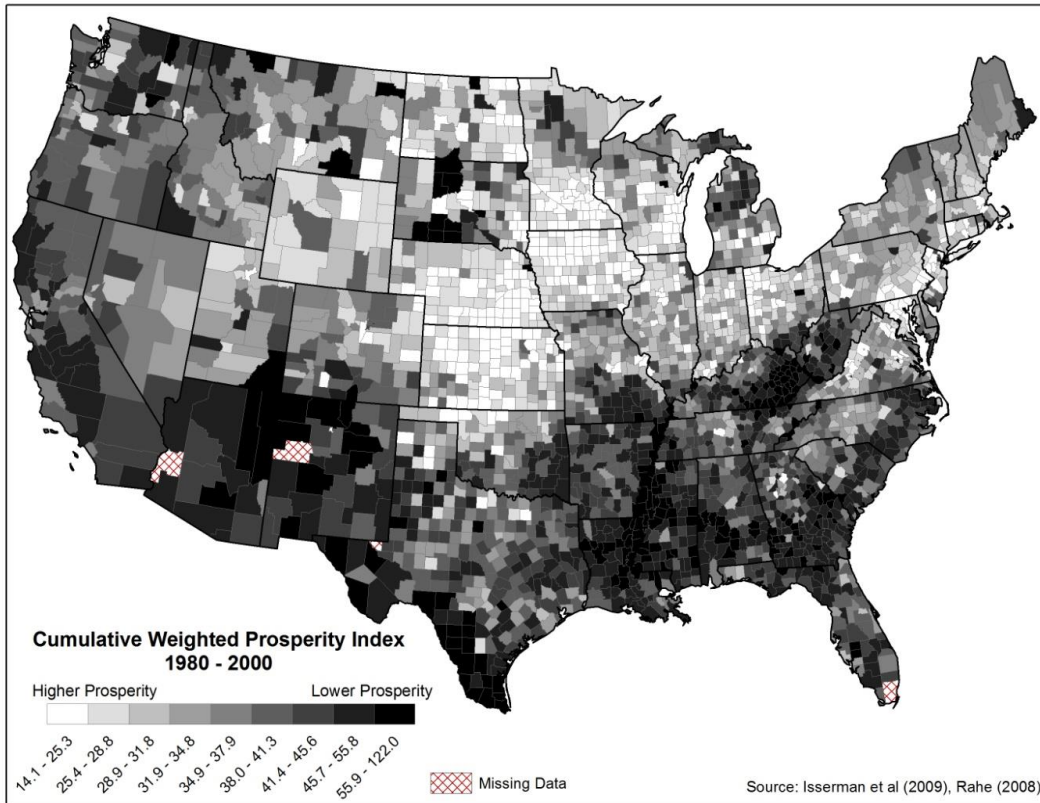


Figure 3.3: National map of cumulative weighted prosperity scores by county

I have chosen to focus on rural non-core counties in this research. Rural counties provide methodological advantages in the study of social networks and ties because social relationships are much more transparent in small communities (Duncan, 1999). Although population continues to decline in rural areas, there are a large number of small communities across the US undergoing continual population and economic changes. They are understudied by planners even as state governments continue to hand down more responsibility to local governments. To categorize rural counties by their observed social capital, I drew from previous research and used the available social capital database produced by Anil Rupasingha and Stephan Goetz. These authors provide three point in time comparisons (1995, 2000, and 2005) of four separate social capital variables including presidential election voter turnout rates, census response rates, number of civic associations per 10,000 people, and number of not-for-profit organizations per 10,000 people for each county. This measure is inadequate for my concept of the number and type of ties used during an economic development project, but it is the best available quantitative proxy. As shown in Table 2.1, some of these same measurements have been used by other authors (Mencken et al., 2006 and Isserman et al., 2009). Rupasingha and Goetz (2008) use principal components analysis to create a single measure for each year, a method I also

adopt during case selection using their publicly available index. Their method simplifies the task of comparing multiple indicators and avoids using a single measure to represent the entire concept of social capital, but their measure also reduces the ability to interpret social capital differences between places.

While county level measures obscure important community level differences, they provide a starting point to understand how these selected cases fit into all Iowa counties and all rural counties. The high prosperity and high social capital counties are among the most favorably ranked on both measures nationwide while the low prosperity and low social capital counties in this study are closer to reflecting an average county nationwide. In other states there are many counties that are rated far worse on both measures.

I chose to restrict my case selection to a single state, Iowa, to control for state policies, resources, and programs and to control to some extent for historical social settlement and economic development patterns. I chose to focus on Iowa because it has the largest number of high prosperity counties and its counties are generally equal in area. In my critical case design I wanted to have a choice among several counties that would seem to offer the best chance for observing social networks and ties operating in ways that have benefited the community. Similarly, I was looking for places that would be least likely to show citizens using social networks and ties to benefit the community. Counties with low prosperity could provide that comparison. Are the use of social networks and ties really different or is something else driving observed differences in prosperity? If counties with low prosperity are still using bridging social ties, then we need to better contextualize our research, and these cases might offer suggestions.

I set up a four by four design seeking to populate the matrix with counties that had varying degrees of prosperity and social capital – quantitatively measured. This matrix would allow exploration of the functionality of social capital under different socioeconomic contexts. I compared these three annual estimates of the level of social capital to my weighted cumulative and annual prosperity indices and found moderate correlations of between 0.44 and 0.58. I assigned each county to a quartile for both its cumulative weighted prosperity score and its average social capital score. Figure 3.4 shows that within the distribution of scores among rural Iowa counties, many counties are clustered into the upper quartile for both indicators. Looking at only the prosperity measure, many counties appear in quadrant I with relatively few counties classified with low prosperity in the lowest quartile and quadrant III. Low scoring counties do considerably worse than the average county in Iowa. So a majority of the counties exhibited both high prosperity and high social capital, which is consistent with national maps of both



prosperity and social capital. Iowa seems to be an intersection of positive outcomes and high levels of social capital. However, the state still has some variation, populating all four quadrants, with the fewest counties appearing in the upper left (II) with low prosperity scores and high social capital.

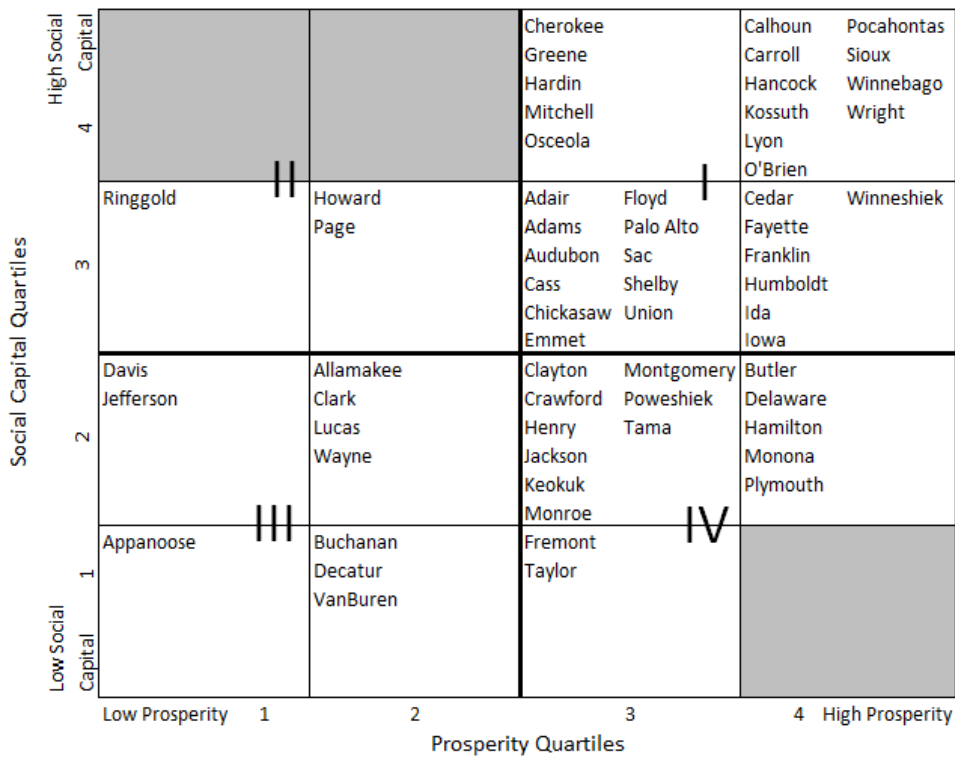


Figure 3.4: A matrix of each county by the combination of its prosperity and social capital score

While this matrix provokes interest in exploring each quadrant, to build the internal validity of this research I chose to focus only on the two extremes and to select two counties from each extreme: high prosperity and high social capital and low prosperity and low social capital. I went back to the cumulative weighted prosperity measure and selected the five counties with both the lowest and the highest prosperity scores and examined additional variables.

Next I looked at satisfying the criteria for studying my two counterhypotheses, differences in financial resources and community characteristics. I used several variables to measure financial capital: net income from the sale of agricultural commodities, personal per capita income, and median household income. These variables were related and shared similar relationships over time. I used the personal per capita income variable for 2009 to classify counties. This variable shared a moderate correlation with the cumulative prosperity index of 0.66. In my reduced sample of 10 rural counties in Iowa, counties with the highest prosperity values all had an above average personal per capita income. The counties with the lowest prosperity scores were counties with some of the lowest per capita

income. Jefferson County is an outlier; it has a very low prosperity score, a near average social capital measure, and an average per capita income. In the ideal study I would find counties that allowed an exploration of different combinations for all three of these measures. Recognizing the limitations in both the number of places I could study and the inability to design a perfect experiment, I again chose to focus on studying extremes. By reducing the theoretical comparison to high levels of social capital and high prosperity and low levels of social capital and low prosperity I am able to use replication to build my internal validity. The trade-off is that I limit my ability to generalize to counties that have a mix of relative social capital, financial capital, and county prosperity.

The last criterion was place characteristics. To control for interaction with metropolitan areas and recent demographic changes, I used distance to metropolitan areas and percent of the population that claims Hispanic ethnicity. These criteria led to the choice of the following counties: Appanoose, Carroll, Decatur, and Humboldt.

Humboldt and Carroll have similar high prosperity outcomes; Appanoose and Decatur have similar low prosperity outcomes (see Table 3.2). I proceeded to place these counties within the context of their rural counterparts in Iowa and narrowed my focus to ancestry and religion, which imply differences in historical settlement and subsequent population changes. Carroll County is ethnically homogeneous compared to other counties in Iowa. Humboldt is average in ethnic homogeneity. All five of the counties with the lowest prosperity scores are among the most heterogeneous counties in the state. Decatur County, as we will see, demonstrates the risk of county metrics of diversity. The internal organization of the county shows two distinct communities, each internally relatively homogeneous. So, when studying the third hypothesis, the prosperous counties are relatively more homogeneous than the non-prosperous counties. Among the communities in these counties there are some extremes. The city of Carroll is extremely homogenous as a German-Catholic community, and Lamoni, a town in Decatur County, is homogenous as an English-Community of Christ church community. Centerville and Moulton in Appanoose County are relatively diverse, while Humboldt County is less diverse than the southern counties but more diverse than Carroll County. Just as the southern counties have more ancestral complexity, they also have lower religious adherence rates than the northern counties. These two factors combined suggest a relatively more fractured society among low prosperity counties.

I sought to choose counties that have experienced limited Hispanic immigration, because this may have effects on social networks and is worthy of separate analyses. These four counties are similarly distant from large metropolitan areas of 50,000 or more, which minimizes the effect of urbanization on social and economic development. Figure 3.5 displays the potential 62 rural, non-core

counties in Iowa in white, the state's metropolitan and micropolitan counties in grey, and all the Census recognized places in a darker gray. The selected case study counties and communities are labeled with dark outlines and circles respectively. Prosperity index values in rural Iowa counties ranged from the most prosperous county at 19.0 to the least prosperous county at 37.9. My chosen counties are all predominately non-Hispanic white populations where approximately 15 percent of adults over the age of 25 attended college and live between 60 and 76 miles from the nearest city of 50,000. One county, Decatur, does have an Interstate while the others do not.

These counties allow me to use a most likely and a least likely theoretical comparison of the relationship between community outcomes, social networks and ties, financial resources, and community diversity. The literature on the effects of social networks and ties and financial capital on development is clear, the more you have the better you will be. However, the literature on the diversity of community characteristics is less clear, so each set of counties provides a literal replication except for nuances in the community's characteristics and settlement. I am most likely to find empirical support for how social networks and ties positively affect community outcomes in my study of prosperous Carroll and Humboldt Counties. The patterns I expect to find in these two high prosperity cases should be the hardest to find in my least likely cases of low prosperity Appanoose and Decatur Counties. To the extent, that these communities share behaviors, I can compare and contrast the roles of social ties, financial resources, and community diversity to understand how each element contributes to a single development project's outcome and to a lesser extent the community as a whole.

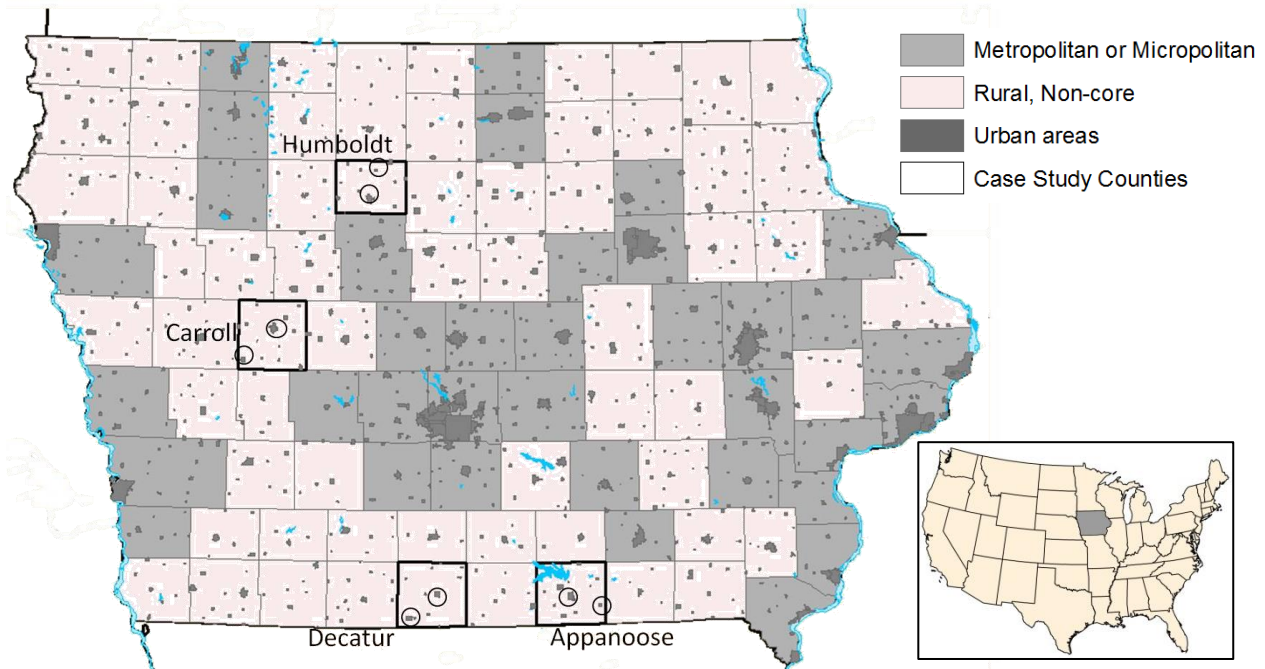


Figure 3.5: Counties and cities chosen as sites for case studies

Table 3.2: Case Study County Characteristics

	Cumulative Prosperity Score (lower = better)	2005 Social Capital Index (higher = better)	County Population (2000)	Distance to 50,000 pop city (miles)	% White (2000)	% Hispanic (2000)	% attended ≥1 year of college (2000)
Humboldt	19	2.78	10,381	60	98	1	15
Carroll	20.1	2.71	21,421	62	99	1	15
Decatur	32.9	0.81	8,869	64	97	1	15
Appanoose	35	0.69	13,721	76	98	1	12

Sources: Author's calculations, Rupasingha and Goetz (2008) and 2000 Census data.

### 3.3.2 Community and project selection

With the intent to identify functioning social networks, I chose to study the most populous community and a second smaller community in each county (see Table 3.3 and Figure 3.5). Choosing a total of eight communities offers additional data about social networks in rural communities with different sizes, histories, social norms, and local culture. This variation allows differences to emerge by disaggregating below the county level. By choosing the largest community in each county I try to minimize the bias in using county level data to select communities.

I used internet searches for organizational websites, community newsletters and newspaper articles, and initial scouting trips to each county to find recently completed projects. I quickly learned that even small communities have a wide diversity of social networks, which address a variety of local concerns and opportunities. Among the possible projects, I gave preference to those that had been recently completed and those with a more discrete set of individuals who were involved in the effort. These two criteria caused me to choose projects with an organizational lead, a board of directors, or a fundraising component over projects like community wide events, such as festivals, which draw mass volunteering from the community. Choosing a single project to focus on in each community also represented a trade-off between accurately describing a set of active social networks and ties and examining social assets in a more comprehensive way. Recent projects might be less likely to reflect the types of behavior and processes that produced cumulative socioeconomic outcomes, but recent projects are easier for people to remember accurately and descriptively. I also collected substantial data through interviews and documents that allowed me to write about other projects in the community and provide a community history and vignettes of particularly engaged residents.

**Table 3.3: Case Study Communities**

County	Place	2010 Total Population	Indicators	Project
Humboldt	Humboldt	4,690	High	Expand housing
	Livermore	430		Fund summer concert event
Carroll	Carroll*	10,103	High	Attract hi-tech manufacturer
	Manning	1,500		Retain local retail option
Decatur	Lamoni	2,324	Low	Create biodiesel company
	Leon*	1,977		Rebuild county hospital
Appanoose	Centerville*	5,528	Low	Build a resort lodge
	Moulton	605		Attract a rural call center

Source: US Census, author's calculations.

\* County seat. The county seat of Humboldt County is Dakota City a small city with a 2010 population of 843 and is adjacent to the city of Humboldt.

Recognizing the complexities of these places, I avoid stating that my particular choice of projects is representative of the community or fully describes the way that social networks function in a particular place. My choice of projects is a direct response to community complexity and what I understand as a challenge in social network research. I am interested in examining the ties that brought together skills, labor, and resources and recently accomplished a tangible community development project. This focus on a recently active social network and not the relational ties between all organizations and institutions in a community fits my research questions more directly. This particular

list of projects is reflective of the time period of this research, as I chose projects that had recently been completed (see Table 3.3). I strengthen the internal validity of my findings from each community by also collecting less detailed information on a small set of secondary projects and conducting several interviews with individuals who are active in their community but not involved in the targeted project.

### **3.4 Data analysis**

I created an analysis plan that structures how I find supporting and contradictory evidence for my three hypotheses in a systematic way across all eight rural development projects. I synthesize interviews and written documents into project narratives that address five distinct components of the process of project implementation. I build a social networking map from my data for each project, which provides a complementary form of analysis to use in cross case comparisons. Using theory to develop these hypotheses and establish fact patterns for each hypothesis helps my critical case design disaggregate and attribute observed differences to distinct independent variables. I describe this plan below.

#### **3.4.1 Points of inquiry for each development project**

To analyze the strength of each hypothesis in explaining how separate projects occur in prosperous and non-prosperous places, I outline distinct points at which projects can be examined and compared. These areas of community context, initial network structure, network functionality, place resources, and project outcomes are described below. At each of these points I have identified indicators that would support each of the three hypotheses (see Table 3.4). I use a series of data sources including multiple interviewees for and a lengthy narrative analysis of each project, secondary quantitative data, historical narratives, newspaper articles, and general context interviewees in each county to build an understanding of the scope of a project within the community.

The starting point for the cycle of project completion in rural development is the socioeconomic characteristics of the population in and surrounding a network. This context includes measures of class, income, religion, ethnicity, and sense of place. These characteristics shape network formation and network function by establishing the particular boundaries within the population that create bonds between some people and create the gaps in understanding and perspective that require bridging relationships. These characteristics can also serve as the impetus for project initiation.

The initial network structure at the time a project is first addressed is defined as the ties and source of trust between the core set of people in the “primary network”. If the network is formalized

into an organization or institution, this measurement includes requirements for membership, reputational history of the group in the community, project history in the community, and past solicitation efforts for fundraising and volunteering. Some projects originate from a single person or a small informal network of people in a community; in these cases the initial network structure defines the position of this person or persons within the social and economic sphere in the community.

The next critical point to examine is how the network functions during the implementation of a project. How does the network identify, procure, and organize financial and human capital resources from within and beyond the network? There are several possible stages during the project at which to identify how the network functions including garnering support for a project, making decisions during the project, finding resources, completing a project, and project maintenance. The network may choose to use one or a combination of the following strategies: look internally for resources, solicit resources from within the community, from within the full county or surrounding counties, from private foundations, or from state and federal governments or other programs from public institutions.

A network's context again becomes important during project implementation as a network's perception of the availability of leadership, volunteer labor, financial support, and public use and support of particular projects influences solicitation strategies, network confidence in the project, and public communication strategies.

The outcome of a particular project, what was accomplished and the opinions on the way in which a project was implemented, affects community outcomes, networks, and future projects. The primary network can strengthen or weaken its internal and external ties as a result of each project. Individuals in the community may gain or lose trust from others, and the project may influence the future willingness of people within and outside of the network to donate and volunteer in the future. These effects may benefit or harm individuals and organizations interested in future projects even if they were not directly involved in the project.

#### 3.4.2 Hypotheses and project accomplishment

Table 3.4 summarizes specific inquires for each hypothesis at each point of comparison in the course of a project's implementation. Some of these points are measured using community or county level data and the rest are derived from the project narrative.

Table 3.4: Organizing data collection and narrative analysis around hypotheses

	<b>Hypothesis 1: Prosperous Places Use More Bridging Ties</b>	<b>Hypothesis 2: Prosperous Places Have More Financial Capital</b>	<b>Hypothesis 3: Prosperous Places Have More Public Support</b>
<b>Place Characteristics</b> Variables thought to be the prime determinants in project implementation among communities	County and community development outcomes	County wide income distribution Large employers High net returns in agriculture	Individualistic and class status orientation Religious and ethnic composition History of conflicts
<b>Network Structure</b> <ul style="list-style-type: none"> <li>• Membership in primary group</li> <li>• Role of group within the community</li> </ul>	Participants' bridging and bonding ties	Participants' class within the community  Level of resources within the primary network	Participants' affiliation within the community
<b>Network Function</b> <ul style="list-style-type: none"> <li>• Primary group's connections within the community and outside the community</li> <li>• Solicitation of volunteers and money</li> </ul>	A history of working together with "strong" leaders  Larger initiatives assemble a representative board from within the community	Scope and breadth of community projects  Group knows who to contact in the community for other resources depending on the project	Some groups and individuals within the community will be ignored or considered "off-limits"  Community pushback on the project's merits or the group's capabilities
<b>Place Resources</b> <ul style="list-style-type: none"> <li>• Community's response to solicitation strategies</li> <li>• Participation of businesses and wealthy individuals in the community</li> </ul>	The community has an informal protocol for raising funds and soliciting volunteers organizations are expected to work together on specific issues; businesses are expected to contribute	Not all projects require outside funds, substantial fundraising can occur within the primary network  Large employers in town are routine sources of public donations	Local funding will be more or less accessible depending on who is in charge and the project
<b>Project Outcomes</b> <ul style="list-style-type: none"> <li>• The result of choices during the implementation of the project</li> <li>• The history of projects within the community</li> </ul>	The community expects to collaborate and fundraise for "public goods" projects each year and the project has broad buy-in  Particular groups have taken the lead on a variety of publicly supported initiatives and bring in the public when necessary	The project is fully funded and potentially expanded during the planning phases  The community has a history of taking on large projects and being an early participant in government grant programs	The project's success is a function of who in the community was supporting it  The community has a clear pattern in the types of projects they have supported and undertaken in the past



### 3.4.3. Building a social networking map

The social networking map displays the ties used and the actors involved in each project. This analysis builds from the work done by Safford (2009) but seeks to convey more information on each map. This analysis produces a detailed visual of how a local decision making process accessed groups, individuals, and resources in the community and why those connections were made. Analyzing differences in these maps will reveal differences in the degree of group involvement, duration of group and individual connections, degree of group isolation, and ability of community groups to volunteer time or money to local initiatives. Maps use different markers to designate an individual's primary role in the project and different line styles to distinguish differences in how a person knows another person: a co-worker, an employer, a family member, a fellow board member, or members in the same organization.

### 3.4.4 Analyzing Interview data

Personal interviews provide a majority of my research data. All interviews were taped using a digital recorder. Due to the volume of material and my personal time and resource constraints I listened to each tape and marked times during which the participant talks about specific involvement in local projects, mentions opinions about projects, leaders, or other groups in the community or talks about their own ties to the community. I then transcribed these portions of the audio files. Once I had done this for all interviewees in a county, I compared interviews to one another and to written documents to develop project narratives, contextual county and community data, and social networking maps.

## **3.5 Data Collection Strategies**

### 3.5.1 Semi-structured interviews

The interviews in this project are designed to be semi-structured conversations with participants. I relied on purposive sampling as explained below to select subjects. Therefore, I oftentimes knew something about the participant's role in the community already and would ask specific questions for particular projects. I also used a basic set of questions for all participants to learn about their involvement in the community and their ties to others in the community. I was an active listener during these interviews and would ask several follow up questions. I chose to do interviews because of the richness of data that you can collect and to have the ability to interact with participants to clarify responses and probe further. I wanted the interview to feel like a conversation and so I let participants talk about their community and their involvement in a more natural way that varied among participants. Participants have different rates of speech and provide different levels of detail. I limited my interruptions but remained sensitive to my commitment to keep interviews less than two hours and

oftentimes closer to one hour for people who were working at the time. Therefore, there were trade-offs between asking all of my questions and the time constraints of the participant and participant fatigue.

### 3.5.2 Participant selection

I used a staged participant selection strategy that facilitated introduction to the county and recent events as well as general context questions and community overview. As I proceeded to select community projects I then sought to speak to various individuals who contributed to different aspects of each project. As the interviews unfolded I also spoke to individuals and leaders of organizations who were mentioned by more than three other participants as having played an important role in the community. I relied on internet searches, published boards of directors, and membership and donor lists as well as a snowball sampling approach. In my efforts to build a similar level of contextual information about the functions, I spoke to the following individuals in every county: mayors, city administrators, economic developers, members of county boards of supervisors, members of county foundation boards, hospital administrators, business owners, and farmers.

In my application to the Institutional Review Board, I was approved to offer all interviewees confidentiality but also allowed participants to individually select to be quoted by their name, job position, gender, time in the community, or other personal characteristics pertinent to contextualizing their comments to an outside audience. I also encouraged participants to have a frank conversation with me by agreeing that any comments made off the record would not be attributed to them and some individuals asked to see any potential quotes in writing before publication. All subjects agreed to be quoted with their name, title, or other identifying features and I do so in the following narratives judiciously when I feel that it will help the narrative.

I have completed 118 interviews during two visits to each county (see Table 3.5).

Table 3.5: Field Research Summary by County

	Appanoose	Decatur	Humboldt	Carroll
First Visit	April 15-18	April 18-20	April 29 – May 2	May 2-4
Second Visit	May 20-25	May 28-June 1	Aug 26-31	Sept 23-28
Days in Field	7.5	6.5	6.5	7.5
Attended Meetings	Private, Main Street, City council	No	Rotary	Rotary, Chamber Coffee
Town Tours	2	1	2	1
Stayed with Host	In a private apt.	Yes	No	Yes
Total Interviewees	34	26	25	33

### 3.5.3 Supplemental data collection

I have used personal observations and a number of printed documents during the assembly of county and town histories and project narratives. When possible, I tried to attend public meetings that were occurring during my visit and in Appanoose was invited to sit in on a private meeting. Residents in each of the counties volunteered to provide town tours, which I always accepted. Although these are small communities I always enjoyed doing a ride along with a resident as it provided a new insight into the community and a chance to ask small questions about the aspects of the community and the built infrastructure. During the course of this project I was asked by someone or sometimes multiple people in the county if I had a place to stay or if they could find a place for me to stay, offers which I was able to accept in three of the four counties. In Humboldt the offer came after I had already made arrangements.

I also have relied extensively on historical archives, newspaper articles, editorials, reports, meeting notes, and websites in each county for clarity and extra detail. When available I used newspaper editorials as a way to supplement how my interviewees characterized a particular project. Some of these projects are older than others, and people’s perceptions of the project change over time.

### 3.5.4 Triangulation Strategies

I used multiple sources for each project narrative. I acknowledge that community leaders and engaged citizens might try to bias their narrative accounts to reflect more positively on their participation within their community and their community’s internal capability to succeed. Newspaper articles, meeting notes, websites, and reports provide a way to fact check details in the story that participants admit to not remembering or report to me in different orders. All of these communities had one or more local newspapers. While reading these papers I was also aware of the potential for some

papers to favor boosterism and support town pride and progress while downplaying strife and challenges. Printed documents have also been helpful in creating complete lists of participants and donors for some of the larger projects. This triangulation allows me to build my confidence in each project narrative's ability to represent functioning social networks and ties within the community. I also used information collected about other development projects and active organizations within the community and county to strengthen my analysis of each project. In the same way, the selection of multiple narratives from similar places builds my overall conclusions about projects in those types of places.

### **3.6 Conclusion**

This research aims to understand the mechanisms behind rural development in prosperous and non-prosperous places and to understand how social networks and ties are used during project implementation. Many of the social networks taking responsibility for rural development operate on a sub-county scale, and their composition, implementation strategies, and motivation are diverse. This diversity, even in counties with relatively smaller populations, warrants investigation of social networks at multiple scales. I use a method of examining a partial definition of social capital that focuses on how social ties function during the implementation of a rural development project. In my design I use a critical case selection strategy and identify active social networks that have recently completed a local development project in rural communities of various sizes and with both high and low community outcomes. Projects provide a concise way to interpret social networks and ties in a community by isolating the ties that are active and have recently been used. The type and scope of project dictates which ties will be sought by the primary network. As such, a single project does not represent all of the social ties that are available for local development efforts.

## **CHAPTER 4: QUANTITATIVE DATA ON NORTHERN AND SOUTHERN IOWA CASE COUNTIES**

Chapter 3 described how four counties and eight communities were selected for this research to test my three hypotheses. This chapter begins to explore these four counties. Section 4.1 provides a narrative introduction to the counties. Section 4.2 provides quantitative evidence for and against the three hypotheses. Section 4.3 outlines the quantitatively measured differences in social capital and prosperity for the counties in more detail. Section 4.4 contains a quantitative overview of population, employment, income, and dominant group characteristics of the counties. Section 4.5 concludes the chapter. This chapter provides one type of evidence and insight into why these counties have prospered and how social capital functions in each county. Chapter 5 provides a second type of evidence through a series of eight narratives of project implementation.

### **4.1 Introduction to the four case study counties**

The geographical distinction between northern and southern Iowa is significant for this project in a number of ways. The distinction captures different settlement patterns, soil type and quality, financial wealth, industry ownership, and relative degrees of economic transformation.

#### **4.1.1 Northern Iowa**

I consider Carroll County and Humboldt County as two northern Iowa counties. Northern Iowa was settled after southern Iowa, and it was more likely to be settled by immigrants directly from Europe seeking to buy land. The expansion of railroad lines in the late 1870s and early 1880s brought significant population growth into the area. The two counties have highly fertile soil and have higher net returns from farming activities. Both counties have examples of entrepreneurial activity that has succeeded and created a substantial number of jobs. In both counties, some of this entrepreneurial activity can be tied back to the agricultural sector, producing further profit in the farming industry. These counties also have a larger share of jobs that are under local ownership and management.

Carroll County is a regional center for employment and goods and services in west-central Iowa. Carroll is one of the more prosperous counties in the state, one of the wealthiest, and the most homogeneous county among my four case counties when considering the population's claims of ancestry and religion. The county was settled by farmers who found deep rich soils, although the county does have frequent slope changes that make some areas more suitable for livestock grazing. The county has a population of over 20,000 making it the largest in my study. The county seat of Carroll is home to

just over 10,000 residents, which makes it 40 percent larger than the second largest county seat of Centerville in Appanoose County. Carroll County has built a manufacturing and service base over time. Resident Roswell Garst helped revolutionize modern corn production by developing hybrid strains, and agricultural production profitability has grown significantly and is among the highest in the state. The county, and especially the city of Carroll, population are largely German Catholic, making this county one of the places where I investigate the effect of religious and ethnic homogeneity.

Humboldt County is a prosperous rural community in north central Iowa. The county is one of the geographically smallest in the state after losing a tier of townships to southern neighbor Webster County. The largest city of Humboldt is adjacent to the county seat of Dakota City. Humboldt County, like Carroll, is a relatively wealthy county in the state but it has less ethnic and religious homogeneity than Carroll. A large portion of Humboldt residents are religious and are nearly evenly split among Catholic, Lutheran, and Methodist adherents. Gilmore City, in the northern portion of the county, was formerly known as the limestone capital of Iowa, but the county does not contain any coal deposits. Farmland in Humboldt County is fertile and productive. As in Carroll, there are a number of local people who have generated economic activity and profit from entrepreneurial ideas. The county has a number of small manufacturing companies that remain locally owned.

#### 4.1.2 Southern Iowa

Appanoose County and Decatur County are both in southern Iowa and share a border with the state of Missouri. This portion of the state was opened to pioneer settlement earlier than the northwestern portion and many of the early immigrants came to the area from the eastern United States. Southern Iowa has a more hilly terrain with steep slope changes and a more highly erodible soil composition than the counties in northern Iowa. These two factors have challenged agricultural production in the region; producers have consistently lower average yields, more frequent crop failure, and use a higher percentage of farm land, especially sloped land, for livestock grazing, which has a lower average return to acre than crop production. Appanoose and Decatur Counties have also relied more heavily on attraction strategies in their economic development efforts. Both counties have weathered the arrival and departure of major employers that were not locally owned.

Appanoose has both the lowest social capital and lowest prosperity of all rural Iowa counties based on quantitative measures. Coal deposits brought in a diverse population of people, a labor class, seeking jobs in contrast to a more typical settlement pattern in Iowa of farmers seeking land and merchants serving the growing class of land owners. The presence of coal drew hundreds of settlers and

turned the county seat of Centerville into a thriving economic and cultural center within the southern Iowa and northern Missouri region. The coal is now gone, and the ethnic differences in the population have diminished, but the population still has considerable class differences. Centerville still attracts consumers but has wavered in its ability to provide constant employment to residents and commuters. The county has a much larger downtown than all of the other communities except for Carroll. It also contains the majority of the largest lake in Iowa.

Decatur County is a low population, low density, rural county in the southern tier of Iowa counties bordering Missouri. Like Appanoose County, it is one of the least prosperous counties in Iowa and has low financial resources. Decatur County lacks coal or any major mineral deposits and experienced initial pioneer settlement differently. Early settlers came from areas in the Eastern US that had poor soils and rolling hills and they prized the similar environment they found in Decatur County. Compared to land that had yet to be settled further north and west in Iowa, however, Decatur has poor soils. The county's land prices have always been lower than other parts of the state, and the region has provided an affordable although not flourishing refuge for different groups of people in its history. The largest town in the county was settled as a church colony by members of the Reorganized Latter Day Saints. Low average land prices have more recently attracted members from Amish communities in three separate states to establish a new community in the county 15 years ago. Quantitatively the county appears diverse, but, at a community level, Decatur County is more homogenous than Appanoose County. The county is unique because it lacks a single large town; instead over half of the county's population resides in one of two similarly sized towns. These two towns segregate much of the town's diversity along religious and socioeconomic divisions. Internally the two communities can be collaborative, but collectively the county is still struggling to work together.

#### **4.2 Quantitative Data for the three hypotheses**

There is a moderate degree of correlation (0.55) between each county's social capital index and its cumulative weighted prosperity score (see Figure 4.1). Humboldt County has a lower social capital value than its prosperity score would suggest, although it has a higher value than similar outliers, Cedar and Plymouth counties. Appanoose and Decatur counties have lower social capital values than their low prosperity peer counties of Jefferson, Davis, and Ringgold. Van Buren, another low prosperity peer county appears to have a data error and has a negative social capital index score. From this sample of counties, social capital, as measured by Rupasingha et al. (2008), appears to have a positive relationship with prosperity scores.

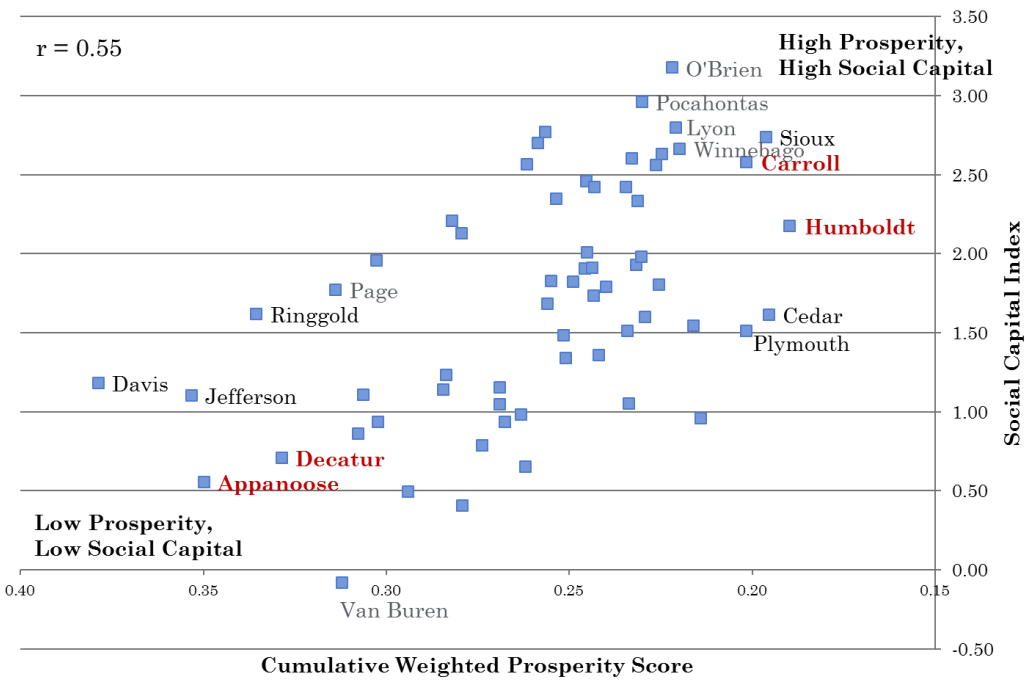


Figure 4.1: Prosperity scores are correlated with social capital values

Similarly, the correlation between financial capital and prosperity (0.66), also shares a positive relationship. The per capita income of counties in 2009 is more strongly correlated with county prosperity score than is the social capital index (see Figure 4.2). Carroll and Humboldt Counties had higher per capita personal income in 2009 than Sioux and Cedar Counties, some of their high prosperity peers, but lower per capita income than peer Plymouth County and counties with lower prosperity scores. Appanoose and Decatur Counties are joined by low prosperity peer Davis County at the bottom of the distribution, having the lowest scores on both measures. Low prosperity peer Jefferson County is again an outlier having a much higher per capita income than its prosperity score would suggest. I tested the relationship between cumulative weighted prosperity scores and other indicators of financial capital (median household income and total market value of all agricultural products sold) across my sample of rural Iowa counties and found similar relationships.



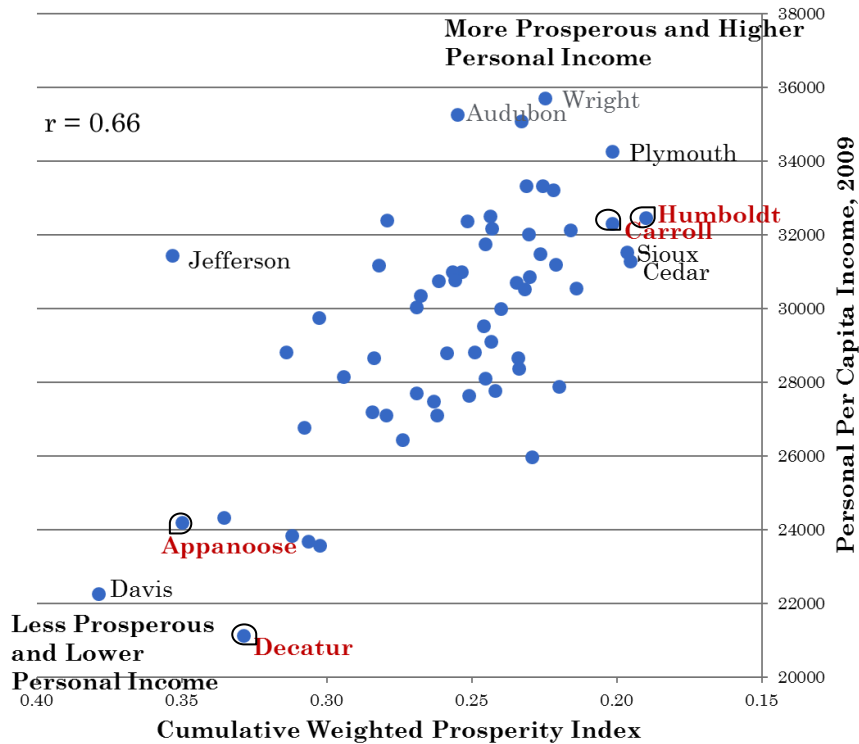


Figure 4.2: Financial capital and prosperity scores are correlated

There is also a moderate statistical relationship (0.62) between prosperity scores and the diversity of county residents' claims to ancestry. Across rural counties in Iowa, populations that claimed a more diverse ancestry also tended to have lower prosperity scores. The five counties with the lowest prosperity scores all have relatively diverse ancestry compositions. However the relationship between these two variables is less consistent among the counties with the five highest prosperity scores. Carroll has the least diverse ancestral composition in the state, while peer Humboldt County has an average level of ancestral diversity (see Figure 4.3).

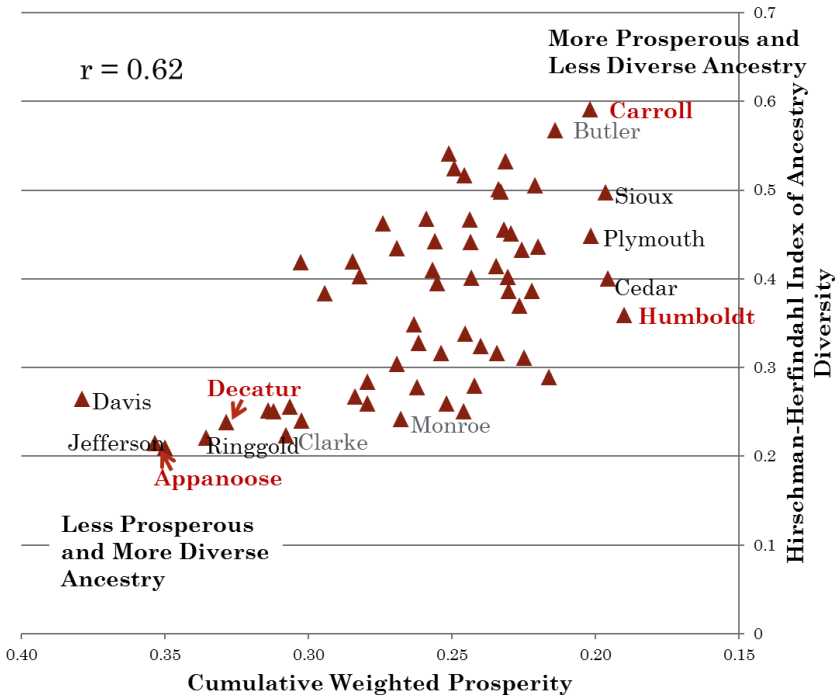


Figure 4.3: Claims to a common ancestry is correlated to prosperity scores

### 4.3 Social capital index and the prosperity index in detail

#### 4.3.1 Social capital index

There are not standard quantitative measures of bridging and bonding social capital for counties or for the rural communities in Iowa. Below I present the social capital index (see Table 4.1) created by Rupasingha and Goetz (2008) and made publicly available by the authors through the Northeast Regional Center for Rural Development hosted at Penn State University. The authors have created the index for three time periods using a principal components analysis to combine four separate measures of social capital. In national maps, also produced by Rupasingha and Goetz (2008), counties in Iowa - on average - score higher than counties in other states. Among the rural counties in Iowa, northern counties have higher social capital scores than the counties on the southern border with Missouri. As I mentioned in Chapter 3, I selected counties that maximized the difference within the state by comparing a county's social capital score with its level of prosperity. The difference between low scores in Appanoose and Decatur and high scores in Carroll and Humboldt is persistent across time.

Table 4.1: Social capital index

Counties	1990	1997	2005
Appanoose	0.65	0.32	0.69
Decatur	0.66	0.65	0.81
Carroll	2.81	2.22	2.71
Humboldt	2.19	1.57	2.78

Source: Rupasingha, Anil and Stephan J. Goetz, "US County-Level Social Capital Data, 1990-2005." The Northeast Regional Center for Rural Development, Penn State University, University Park, PA, 2008.

The four components of the index include a total count of civic associations per 10,000 people (see Table 4.2), the count of non-profits in the National Center for Charitable Statistics data per 10,000 residents (see Table 4.3), and the percent of the population over the age of 18 that voted in the United States General Election and the percent of census respondents who return their census form by mail (see Table 4.4). I have reported the total county associations rather than the percentages in tables 4.2 and 4.3, because the overall numbers are so small. County populations are provided in Table 4.3. Using the same data sources and methodology of Rupasingha and Goetz (2008), I have updated the results to 2010. The total count of associations in the County Business Patterns is stable over the thirty year period, perhaps a reflection of the relative stability of the overall county populations in all four counties. The social capital index was established under the Standard Industrial Codes (SIC), following Rupasingha and Goetz (2008) categories. I have traced each code through the North American Industrial Classification System (NAICS) conversion in 2002 and through the 2007 update.

Table 4.2: Count of associations in the County Business Patterns

Counties	1990	1997	2005	2010
Appanoose	16	19	17	22
Decatur	10	12	12	9
Carroll	44	45	44	46
Humboldt	24	26	26	23

Source: US Census, County Business Patterns, data for 1990, 1997, and 2005 drawn from Rupasingha and Goetz (2008), 2010 data author's calculations. Between 1997 and 2005 data reporting methods changed from SIC to NAICS, and from 2005 to 2010 the NAICS was updated.

The social capital index also contains the number of charitable organizations per 1,000 residents. Rupasingha and Goetz acknowledge that there is an unknown degree of overlap between this data source and the County Business Patterns data. An online database of all registered non-profit organizations is available by various geographies from 1995 to 2012. The number of non-profits in each county is difficult to compare over time due to differences in how data were reported by the National Center for Charitable Statistics (NCCS) and the choices Rupasingha and Goetz (2008) made in reporting these data (see Table 4.3). Starting in 1995, the database reports all non-profit organizations in a community that file a 990 form with the Internal Revenue Service (IRS). This list contains organizations with and without revenue, provides the starting date of the organization, and reports the last year the organization filed a 990 form with the IRS. These data can be easily disaggregated to zip codes within a county and provide a much more detailed view of the organizational capacity within a community than the six digit NAICS codes in the County Business Pattern data.

The dataset also has its limitations. Organizations with annual revenues of \$25,000 or less and religiously affiliated organizations are not required to be registered, although some are. The database’s coverage of registered nonprofits is lagged, because the file contains inactive organizations that are no longer providing services. Every three years the IRS sends out notification to all organizations to check on their current status. Deller and Deller (2010) also use the NCCS count of non-profits in a similar index of social capital, but they limit their count to organizations that have filed a Form 990. This is one way to understand what organizations are active, but only organizations with gross receipts of \$25,000 or more are required to file a Form 990.

Table 4.3: Count of non-profits in each county

Counties	1990	1997	2005	2010	1990 Population	2010 Population
Appanoose	7	7	136	112	13,743	12,887
Decatur	4	4	61	48	8,338	8,457
Carroll	19	19	210	197	21,423	20,816
Humboldt	1	1	105	81	10,756	9,814

Source: National Center for Charitable Statistics, data for 1990, 1997, and 2005 drawn from Rupasingha and Goetz (2008), 2010 data author’s calculations. Between 1997 and 2005 data reporting methods changed.

Table 4.4 provides data on the history of local voter turnout at US Presidential elections and the percent of respondents who returned their US Census form by mail. All of the counties had a higher voter turn-out rate in 2012 than they did in 1988. Census response rates have varied. Response rates

have improved in Appanoose, and the other three counties all had a lower response rate in 2010 than they did in 1980. As other authors have pointed out, political institutions and policies both encourage and discourage citizens from expressing social capital or shape the way that citizens express their organization (Tarrow, 1996).

The state of Iowa and its northern Midwestern neighbors stand out in nationwide maps of social capital by Putnam (2000) and Rupasingha and Goetz (2006). Iowa has enjoyed the title of having the first caucus, or voting process to choose a presidential candidate for the Democrats and the Republicans in the United States. The state has held this coveted position with the Democratic Party since 1972 and with the Republican Party since 1976. Iowa provides the first public test of each Party’s candidates, and the state receives a disproportionate amount of media attention and early campaign spending from all political candidates. Every four years, for months, the nation turns its focus to predicting how Iowa will vote, and the country has therefore signified that they want to know what citizens in Iowa think, as expressed through the polls. This arbitrary election cycle, rather than anything inherently different about the population’s social capital, contributes to explaining why the state has the fifth highest voter turnout rate in the 2012 presidential elections (McDonald, 2012). Similarly, Iowa has battled with Minnesota and Wisconsin for the highest statewide response rate to the Census mailed surveys in the last three US Census periods. It is also unclear whether participation in national events like census surveys and presidential elections are actually reflective of an interest to engage locally (Gutmann and Pullum, 1999).

Table 4.4: Civic participation

Voter Participation	Appanoose	Decatur	Carroll	Humboldt
1988 General Election	59	57	62	67
1992 General Election	62	62	63	65
2000 General Election	69	72	70	75
2008 General Election	65	67	70	73
2012 General Election	66	63	71	73
Census Response Rate by Mail				
1990 Census	73	75	85	83
2000 Census	74	76	88	84
2010 Census	75	69	83	76

Notes: State of Iowa county election results, US Census.

#### 4.3.2 Prosperity index

As described in Chapter 3, the prosperity index contains five separate measures of community health and examines these measures within a county over time. The difference between northern prosperous counties and southern less prosperous counties is apparent in Table 4.5. The southern counties have poverty levels that are nearly twice as high. Carroll County has low unemployment rates and both northern counties have much smaller high school dropout rates. Carroll County's poverty and unemployment levels are much higher in 1990, but by 2000 the county has recovered and improved both rates compared to the 1980 levels. By comparison, Humboldt County has the lowest poverty rate and unemployment rate in 1990. I did not investigate these differences while conducting interviews in the county, and no one in Carroll specifically mentioned the town undergoing hard times 20 years ago. The counties show less variation between southern and northern Iowa for either housing variable. Very little housing in any of the counties has ever been considered overcrowded, having more than 1.01 people per room. A higher share of households in southern counties spend more than 35 percent of their income on housing, meeting the threshold of living in housing that represents a cost burden. Over time Humboldt County has improved the affordability of the county's housing stock, and now fewer than 1 in 10 residents spend too much of their income on housing.

Table 4.5: County components of the prosperity index

County	Poverty Rates			Unemployment Rates			High School Dropout Rates		
	1980	1990	2000	1980	1990	2000	1980	1990	2000
Appanoose	17.3	11.5	14.5	11.0	4.2	5.9	14.9	6.7	7.1
Decatur	19.5	15.3	15.5	5.9	3.1	7.5	5.2	2.1	7.8
Carroll	8.8	13.0	6.5	2.8	5.1	2.4	3.4	3.5	3.3
Humboldt	8.4	6.3	8.3	5.3	3.0	3.5	5.3	4.6	2.2

Source: US Census Bureau

Table 4.5: (cont.)

County	% Cost Burden			% Overcrowded		
	1980	1990	2000	1980	1990	2000
Appanoose	16.8	16.9	17.1	2.3	1.9	1.5
Decatur	23.2	16.0	16.3	2.1	1.5	1.3
Carroll	11.7	12.3	11.6	2.3	1.0	1.1
Humboldt	16.2	9.3	9.0	0.9	0.8	0.7

Source: US Census Bureau

## 4.4 Describing the case study counties

### 4.4.1 Population dynamics

The four case study counties have had different population trajectories, although now all four have lost population in the last decade (see Figure 4.4). The effect of a coal mining boom is apparent in Appanoose's population, which peaked at over twice its current number in 1920. Decatur's population peaked before other counties in 1900, a year that also produced a small spike for Humboldt and Carroll counties. Humboldt peaked next in 1940 with Carroll growing until 1960, when it reached 23,400 people. The counties' general trajectories of population change follow similar paths for Appanoose and Decatur in the south and for Carroll and Humboldt in the north. The southern counties were settled first and by 1870 had more than four times the number of people as the northern counties; however, population also left these counties first. Both southern counties saw much more of a population decline during the first half of the 1900s. Humboldt County was the last county to reach 10,000 people, which it did not do until 1900; it has since fallen below 10,000 with the 2010 Census.

From these population measures, there does not seem to be a sorting effect occurring as a result of a location's prosperity measures. Although Carroll and Humboldt offer better living conditions, these four remote rural counties are still losing population. Carroll County has a shortage of skilled workers, a source of frustration for two of the largest local employers who both spoke of the challenges of hiring and expanding. The counties are aging, even more so than the average of all rural counties in Iowa (see Table 4.5). Decatur is spared this aging because of the college population. The spread in the old age dependency ratios of these counties is from the lowest of 31 people over the age of 65 for every 100 people age 18-64 in Decatur County to a high of 37 people over the age of 65 for every 100 people age 18-64 in Humboldt County. As a reminder from Table 3.1 in Chapter 3, the populations in all four counties are mostly white, non-Hispanic. Carroll County is the least diverse with a 99.1 percent white population and 0.6 percent Hispanic population. All of the counties have less than 1.5 percent Hispanic population.

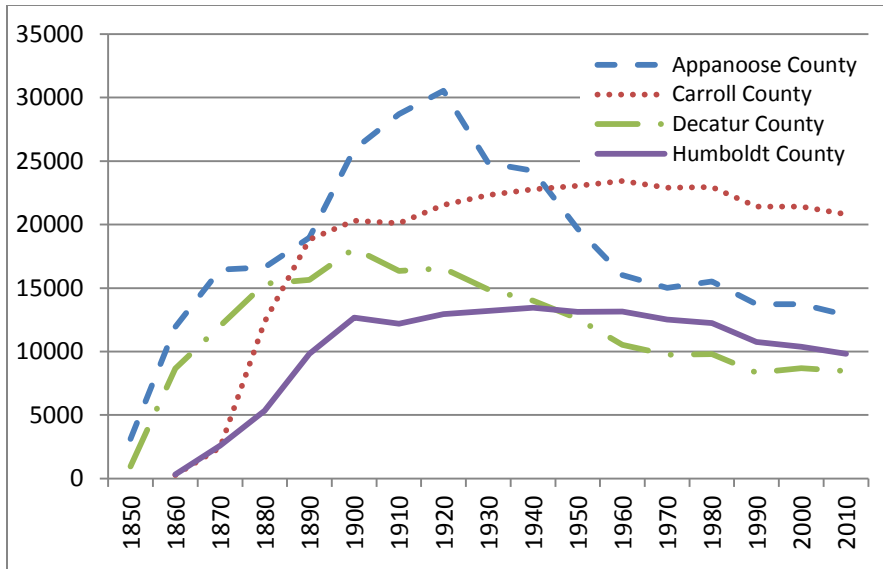


Figure 4.4: Population Change by County from 1850-2010.

#### 4.4.2 Economic characteristics

The counties in southern Iowa, Appanoose and Decatur, have fewer jobs per capita than the northern counties. They receive a much smaller share of total county earnings from agriculture but comparatively have a higher share of employment in farming (see Table 4.6) because the agriculture sector has much lower total sales compared to the northern counties (see Table 4.7). Land in the southern counties is less suitable for farming and is more often used as pastureland, differences which have persisted for decades. Comparing other sectors in the economy, the counties show few clear patterns between northern and southern Iowa (see Table 4.8). Appanoose and Humboldt have a higher share of total employment in manufacturing and a smaller share of jobs in services and are more similar than Decatur or Carroll.

Appanoose County has the least productive agricultural industry among the four counties. Average farm size has decreased over time, the county has the highest percent of farmland in pastures, and very little of total county earnings are generated in the agricultural production sector. Approximately 9 out of every 100 jobs in the county are still in the agricultural production industry. The county still retains the highest share of jobs in the manufacturing sector among the four counties.

Decatur County has the smallest employment base of the four counties, underscoring the region's low population densities. The county also has a low profitability agricultural industry; in 2007 the county produced an average net cash farm income less than one-third the average in the two northern counties. The county retains a much higher share of total jobs in agriculture and has the lowest share of employment in manufacturing. The presence of Graceland University and a county hospital



shows up in the share of jobs in the service industry and government sectors. Compared to the other counties, Decatur has fewer jobs in retail trade.

Carroll County is a job center for a larger region. The county has the highest total agricultural sales, a number that is influenced by the presence of multiple seed companies in the county, which pay farmers a premium per acre. The county has the largest economy in the study, providing over twice as many jobs as the next largest counties, which dwarfs the share of the agricultural industry in county earnings and employment.

Humboldt County's agricultural sector has seen the most consolidation among the sample. The county has the fewest farms and the largest average farm size. Although the county had lower total agricultural sales than Carroll County in 2007, earnings from the agricultural sector make up over 20 percent of all earnings, the highest among the counties. Humboldt is also notable for having a higher proportion of total employment in the manufacturing sector; from 1970 to 2000 the county more than doubled the share of jobs in manufacturing.

Table 4.6: Agriculture as a part of the economy

	Farm earnings as % county earnings		% of Jobs in Farming		All Jobs per capita
	1970	2010	1970	2010	2009
Appanoose	13.6%	0.2%	16.3%	8.9%	0.56
Decatur	28.1%	4.8%	21.6%	16.1%	0.51
Carroll	23.7%	13.5%	21.0%	6.9%	0.78
Humboldt	35.3%	21.5%	25.5%	9.4%	0.66

Source: BEA REIS data

Table 4.7: Basic Characteristics and Productivity of the Farming Sector

County	Farm Characteristics								Farm Productivity in 2012 dollars			
	Percent of land in farms		Number of Farms		Average Farm Size (in acres)		% of farm land in pasture		Average investment per Acre		Market Value of Products Sold per Farm (in thousands)	
	1969	2007	1969	2007	1969	2007	1969	2007	1969	2007	1969	2007
Appanoose	74	60	793	731	310	271	48	38	1,207	2,391	73,964	41,956
Decatur	79	67	740	738	366	310	50	34	1,101	2,281	90,543	65,535
Carroll	98	98	1,488	978	240	366	14	6	2,959	4,076	373,718	490,160
Humboldt	100	97	985	632	282	428	6	2	3,435	4,154	212,421	176,228

Source: 1969 and 2007 Census of Agriculture Reports

Table 4.8: Shares of employment by major industry 1970-2000

Year	Iowa	Appanoose	Decatur	Carroll	Humboldt
Total full-time and part-time employment					
1970	1,294,601	6,127	4,424	9,913	5,402
1980	1,536,822	6,619	4,306	12,376	5,698
1990	1,634,995	6,494	4,190	13,152	5,470
2000	1,920,708	7,640	4,599	15,998	6,738
% Farm employment					
1970	13.2	16.3	21.6	21.0	25.5
1980	10.5	16.8	22.4	16.4	20.2
1990	8.0	15.8	19.8	12.6	16.0
2000	5.7	12.0	19.1	8.6	10.9
Manufacturing					
1970	17.1	17.7	8.1	6.2	7.0
1980	16.2	13.8	7.6	9.3	10.2
1990	14.8	18.2	10.1	7.4	14.0
2000	13.8	20.4	5.7	9.0	18.2
% Retail trade employment					
1970	16.8	17.8	14.7	22.2	17.1
1980	16.4	15.4	13.3	17.8	15.7
1990	16.9	16.1	11.1	16.9	15.7
2000	16.9	16.9	12.4	16.6	15.6
% Services employment					
1970	16.9	15.9	25.3	19.9	12.3
1980	19.7	19.7	22.8	21.6	13.3
1990	24.4	20.2	27.2	26.7	16.5
2000	27.2	21.7	30.5	25.8	17.5
% Government and government enterprises employment					
1970	14.7	13.7	13.1	9.0	15.7
1980	14.4	11.6	14.9	9.0	13.8
1990	14.3	13.0	15.7	9.5	13.8
2000	13.3	11.7	16.2	8.7	11.7

Source: Bureau of Labor Statistics, Regional Economic Information Systems  
Table CA25

#### 4.4.3 Income characteristics

Appanoose and Decatur Counties have lower per capita personal incomes. Total household income distribution is more equal in Appanoose County than Decatur County, which has the highest income inequality in the sample. Decatur County's averages are skewed by the high number of college students in the county. Decatur has the second highest share of high earning households. Appanoose County has the smallest share of all households earning more than \$100,000 (see Table 4.9). The distribution of farms by total sales in 2007 across the four counties reveals patterns between the prosperous northern counties and the non-prosperous southern counties. The majority of farms in

Appanoose and Decatur had sales of less than \$2,500 in 2007, while over 50 percent of all farms in both Humboldt and Carroll Counties had sales of \$100,000 or more (see Table 4.10). There are not large differences in average wages between Appanoose, Humboldt, and Carroll over the decades (see Table 4.11) although Appanoose has had more variation than the other two counties in the intervening years.

Table 4.9: Income and Income Inequality in 2000

	Per capita personal income	GINI Index	% of HH earning > \$100,000	% of HH earning > \$200,000
Appanoose	\$20,565	0.42	7.4%	4.3%
Decatur	\$21,122	0.46	13.9%	7.0%
Carroll	\$32,295	0.42	15.0%	9.3%
Humboldt	\$32,451	0.39	9.2%	3.9%

Source: BEA REIS, and US Census

Table 4.10: Distribution of Farms by Size of Sales and Net Cash Farm Income, 2007

Category	Appanoose Co.	Decatur Co.	Humboldt Co.	Carroll Co.
SALES: (LESS THAN 2,500 \$)	40.9	36.3	19.3	16.7
SALES: (2,500 TO 9,999 \$)	13.4	15.4	4.3	7.8
SALES: (10,000 TO 24,999 \$)	14.8	13.4	2.7	3.9
SALES: (25,000 TO 49,999 \$)	8.1	11.7	8.1	8.3
SALES: (50,000 TO 99,999 \$)	9.6	7.6	14.4	13.0
SALES: (100,000 OR MORE \$)	13.3	15.6	51.3	50.4
SALES: (100,000 TO 249,999 \$)	59.8	59.1	44.4	35.9
SALES: (250,000 TO 499,999 \$)	28.9	27.8	30.2	24.9
SALES: (500,000 OR MORE \$)	11.3	13.0	25.3	39.1
Total Farms	731	738	632	978
Net Cash Farm Income Total	14,507,000	18,312,000	51,363,000	96,740,000
Net Cash Farm Income/Operation	19,846	24,813	81,270	98,916

Source: U.S. Census of Agriculture, 2007 estimates.

Table 4.11: Average wage per job by decade in current dollars

Region	Average annual wage per job (dollars)				
	1970	1980	1990	2000	2010
Iowa	5,961	12,671	18,859	27,348	37,409
Appanoose	4,625	10,515	15,464	21,620	28,706
Decatur	4,137	8,829	12,894	17,638	24,219
Carroll	4,688	10,333	15,040	21,548	31,489
Humboldt	4,812	10,541	15,430	22,842	31,436

Source: Bureau of Labor Statistics, Regional Economic Information Systems  
Table CA34

#### 4.4.4 Group size and community identity

The last difference that I consider is in the total size of the population that shares a common ancestry or adheres to the same religious denomination (see Table 4.12). The two southern counties are less homogenous than the two northern counties. The southern counties also have a much larger share of the population that does not regularly attend any religious institution. The percent of the population that claims a single shared religion has declined in the two northern counties but slightly increased in the two southern counties. The most common shared ancestry in the two southern counties is English, while it is German in the two northern counties.

Table 4.12: Ancestry and Religion data

	%Largest Single Shared Ancestry		% Largest Shared Religion		% Non-adherent
	2000	Dominant Ancestry 2000	1980	2000	
Appanoose	29.4	English	10.4	10.9	Catholic 61.5
Decatur	32.6	English	7.6	11.2	Community of Christ 59.9
Carroll	74.8	German	66.6	54.7	Catholic 14.2
Humboldt	50.0	German	29.0	29.3	ELCA 14.8

Source: Ancestry data comes from the US Census, 2000, data for religious adherence is from the Association of Religion Data Archives.

Note: ELCA is an abbreviation for the Evangelical Lutheran Church of America.

#### 4.5 Conclusion

This chapter provided a brief overview of the histories and quantitative characteristics of the four counties chosen for my case study. Consistent with my research design, the two counties in northern and in southern Iowa vary on a number of characteristics. There are moderate correlations

between county prosperity measures and social capital, financial capital, and common ancestry, suggesting that these characteristics may be intertwined. Chapter 5 explores these relationships and provides evidence about how residents use their relative stocks of social capital, financial capital, and relative degrees of similarity while making decisions about their future's and working to implement rural development projects.

## CHAPTER 5: NARRATIVES OF EIGHT COMMUNITY DEVELOPMENT PROJECTS

This chapter describes the actors involved and the process used to implement rural development projects as one way to understand how social capital functions in communities. In chapter 4 I introduced my four case study counties and used quantitative data to describe each county's social capital, financial capital, and relative homogeneity. Following the research design presented in Chapter 3, these four counties differ in quantitative measures of social capital, financial capital, and homogeneity so that I can now use qualitative cases to investigate my three hypotheses.

I wanted to investigate functioning social networks within a county and chose to find examples of networks in two communities in each county. I then selected one project to study in detail from each community. The data I collected on the implementation of these eight rural development projects is described below. The projects are presented by county, and the projects in less prosperous Southern Iowa are presented first.

These narratives reflect three separate writing styles. The case of Moulton, Iowa is the preferred style; it is written more in the first person and immerses the reader among the local actors as the project unfolds. This style was facilitated by the nature of the case. The project involved few people, eleven primary actors and few secondary actors, and the timeline was relatively short and recent, which facilitated members' recollections of the events. The second writing style is a detailed timeline of events written primarily in the third person. The cases in Centerville and Leon reflect this style. Both of these projects took years to complete and involved many different people as official members and other institutions and the general public. I have provided more detail for these two cases to demonstrate the depth of my investigation into each of the eight cases. I use a concise, third person writing style to report the data I found in the final five cases in this research. This choice allows my research data to first detail my methods and type of inquiry for the reader and then facilitates the process of comparing cases by removing many of the contextual details to focus on the primary fact patterns in the final cases.

In each narrative, I explain how individuals in the community decided to start a project, who they pulled into their social network, who they relied on for financial contributions or volunteer labor or special expertise, the social network's accomplishments during the course of the project, and the future actions of the main actors in the network. In the next chapter I will begin to analyze these projects using summary tables that report my findings in terms of bridging and bonding ties and financial characteristics. I will also provide for each county short descriptions of three to five additional rural development projects (see Appendix A) and the social networks involved in each of them. These

additional examples show how the chosen project was representative of other instances of local action in the respective community and how and why each project was unique. Table 5.1 summarizes these cases across my five points of analysis.

Table 5.1: Summary descriptions of development cases

	Initial Group	Project development and organization	Soliciting resources for a formalized project	Implementing a project	Project Maintenance
Centerville: Build a resort lodge	business leaders with previous experience working together	Seek regional collaboration across four counties, work with Army Corps of Engineers and Iowa DNR, solicit recently returned residents	Convince state legislature, two Iowa Governors, two counties bonded for the issue, collaboration with Centerville Chamber of Commerce to share hotel tax, Private donations, local business donations	Army Corps of Engineers, Iowa DNR, hired private contractors, consultants, no volunteer labor, in-kind donations from regional water and telecom	Debt service, on-going private fundraising, expanding site amenities
Moulton: Attract a rural call center	4 friends who routinely drank coffee together	Bring in family, a local entrepreneur, mayor, local utility company, school superintendent	Gift from former resident, local REC, Bank County ED, County General Fund, USDA rural development, grant writing help from school superintendent, local utilities CEO filed 501c3 status, County Foundation	Hired contractors. Volunteer labor: h.s. students, business client, heavy machinery operation, initial group did landscaping	Debt service, building owners, company relationship
Leon: Rebuild county hospital	Elected board, no term limits	1) Solicited outside businesses to co-locate, found land for new location. 2) Public acceptance	sought USDA loan, Great Western Bank, Hospital auxiliary, formed a hospital foundation	Contractors from Des Moines, Demolished old hospital to prevent nuisance use	Debt Service, Public relations, Foundation \$
Lamoni: Create a biodiesel company	member of E.D. group with an idea	Invited meeting, former employee with ties to product technology, hired lawyers and consultants	Local investors, board, Farm Bureau, banks, cooperation from Clarke County, multi-state solicitation of shareholders, Lamoni utility companies	Changed locations to attract more investors but project failed to generate enough capital to be implemented	N/A project failed
Humboldt: Expand housing stock	A request from city council to act on housing conditions	Banker and two realtors put together an organization based on skills and needs for the project	Federal housing funds, MIDAS funds periodic housing survey to employees and residents, county and city make annual contributions, volunteer labor from board bankers and realtors	Group buys land, zoning changes, City puts in infrastructure, private buyers hire developers, lot sales finance later infrastructure	city maintains project until all phases are complete
Livermore: Summer event	3 husband and wife couples who were friends	Family, close friends, city support	Community fundraisers, County Foundation; Ticket Sales, City donates services; Business co-sponsor, Volunteers	Local and county wide organizations, local businesses, school, city pool	Maintain enthusiasm, and volunteers
Carroll: Attract a high tech manufacturer	One member of the E.D. group who found a potential lead	County ED Director, selective inclusion by other members who can make offer to company, sign confidentiality agreements	Sought USDA funding, sought Carroll County funding, sought City incentives, Local group of venture capital investors	Within-group services and labor to assist starting operations	business relationship maintenance
Manning: Retain a general retailer in the community	Established board reacting to changing conditions	Made decision as a board, contacted other chain retailers, contacted owners who live out of town	11/13 board members donated, employers, business relationships, members of other boards, friends, family ties	Bought supplies locally for building maintenance, volunteer and contracted labor	Landlord relationship, future business profitability



Table 5.1:(cont.)

	Initial Group	Project development and organization	Soliciting resources for a formalized project	Implementing a project	Project Maintenance
Other examples of social networks in the communities					
Glidden/Carroll: Develop a non-profit for disabled adults	One person with an idea	Forms an initial board from friends and pastor. Solicits county-wide support by organizing bus tour of comparable facility	Series of community fundraisers in Carroll and seven other counties, business donations, daily operations compensated with Medicare payments	Buy land, build living facilities, buy other homes in community, maintain relationship with sister organization, public education campaign	On-going fundraisers, maintain business/public relations
Humboldt: Finance a statue to a local hero	An outsider identifies a need for the community	Local historians and sports enthusiasts with a common interest decide to act form group	Letter campaign to wrestling fans across the state, local business donations from the community	Labor donations, hire a bronze sculptor, created an engraved brick wrestling ring of donor stones	Fully paid for, minimal maintenance
Exline/Centerville: historical preservation	One person with an idea	Hires local agent to manage and implement plans	Seeks no external funds. Waits for properties to come available on the market.	Contracts all labor for projects. Agent finds tenants for residential and business locations.	Turnover in property management and tenants, on-going # projects
Centerville: Develop trails at Lake Rathbun	A public meeting is held to discuss using state money	Self-identified group with a common interest, collaborate with another organization, Army Corps of Engineers, Iowa DNR	Group forms a 501c3 to apply for other federal and state grants, seeks donations from area businesses, contracted and volunteer labor on project	Extensive planning between all four organizations	Trail maintenance, new trail projects
Leon: Generate public interest in improving community	President seeks public input to drive chamber of commerce agenda	Announces public meeting in Leon to plan for the future. Local chamber of commerce members chair four separate subcommittees some with additional volunteers	Small fundraising projects, focus on projects that can be accomplished with volunteer labor, time, and skills first	Have held a few community wide events: clean up days, city garage sale, public meetings to promote town logo and civic engagement	On-going work volunteer work

### 5.1 Persisting to Build a Resort on Lake Rathbun

The Chariton River winds through the northwestern part of Appanoose County in Southern Iowa and used to cause frequent flooding that destroyed farmer’s crops. Local residents began to advocate for federal assistance for this problem starting in 1937. In 1971 the Army Corps of Engineers and President Nixon celebrated the completion of a dam on the Chariton River, which created Lake Rathbun, the largest lake in Iowa (see Figure 5.1). County leaders had worked for 34 years to find a solution to the floods and surmounted four rejections to fund the project from the federal government. During this period there was also considerable internal turmoil as farmers who owned acreage around the river realized the solution to the flooding problem would be the construction of a dam creating a reservoir. Others began to imagine the recreational based tourism opportunities. The first active effort to attract a private developer to build a lodge on the lake failed in 1972. Residents underwent several attempts in the intervening years but seriously renewed their effort in 1999. Soon after, newly elected Governor Tom Vilsack stated an interest in creating destination recreational attractions throughout the state of Iowa. Appanoose County won the first and only project to date, a resort project costing 52 million dollars. The project was completed in 2008 and required significant local coordination, organized through the Rathbun Lake Association Inc., renamed the Rathbun Lake Resort Inc. and referenced in this report as the RLR.

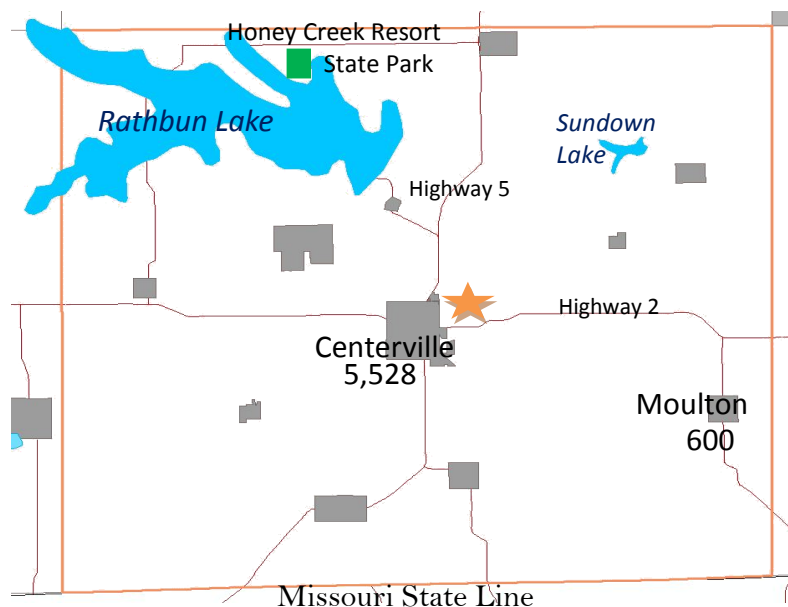


Figure 5.1: Appanoose County map showing major aspects of the two selected case study communities

### 5.1.1 Centerville History

Centerville was once a prominent town in Southern Iowa. Its early presence on the frontier, the wealth created in the community from coal mining, and the dense network of railroads that connected the county seat to several major regional cities allowed people and goods to move with ease. Many of the towns in the county had early interurban train service, and in Centerville the train circled the town's square, facilitating travel and shopping. The town has a large square that has two city blocks on each of its four sides. The square was built up into storefronts by merchants and remains mostly intact today. The local bank, still present in the community, was founded five generations ago by a man who came to the community as a peddler. Coal allowed some in the community to become wealthy, and the stately mansions on Drake Avenue are a testament to the wealth and the state of society that once flourished in the community. At a time when many small towns were relying on Andrew Carnegie for the funds for a library, a former local resident Francis M. Drake, who went on to be Iowa's Governor and the founder of Drake University, built Centerville's public library. Two Lieutenant Governors of Iowa would also come from Centerville. Simon Estes, an African American opera singer, was born in Centerville in 1938 to the son of a coal miner and former slave. Local members of the historical society have renovated the Black Baptist Church in the community that Estes attended and Estes has since returned to provide a concert. Morgan Cline, who was born in the coal mining town of Exline in 1932, has worked to recreate through historic preservation efforts the splendor of the Centerville Square he remembers from his childhood.

As the mining industry left the community, local leaders in the county began to organize around other economic opportunities. The majority of job creation has occurred in Centerville, the county seat. Town leaders brought Union Carbide, a Fortune 500 company, to the community in 1963. This industry used rail access to transport supplies and finished products and at its peak employed 600 people (Heusinkveld, 2008). The community's lower wages, nonunionized workforce, and railroad presence allowed it to benefit from smokestack chasing economic development in the 1980s. The community attracted its second Fortune 500 Company, Rubbermaid, in 1985. This company grew in the community until it was sold and relocated, displacing close to 500 jobs in 2006. In 2006 Centerville also faced the loss of another major employer, Knight Rifle, which was similarly sold and then relocated by new owners.

By 2006, the community knew that the destination state park would be built on the shores of Lake Rathbun, and the county seemed to be in a third transition from a manufacturing base to a tourism and recreational base. Some in the community were divided over the lake project; they thought millions of dollars of investment in tourism was misplaced in a community when so many workers were newly

unemployed. Many other members spoke out in favor of the project and in support for the community to pick itself back up and carry on. These sentiments are expanded upon in the narrative of the Honey Creek Resort.

Centerville continues to undergo change. The former Rubbermaid plant has a new owner but one that employs fewer people at lower wages. The town has growing poverty and unemployment problems. A statewide police program to crack down on drug use was piloted in Appanoose County. The program added a charge of child neglect to any drug arrest when a child or evidence of a child's presence was found during a drug raid. The program's crime statistics led to the publishing of a particularly hurtful article on April 3, 2011 on the front page of the *Des Moines Register*, the most commonly read paper in the state, titled, "1 in 25 kids abused in Centerville". This was days after a March 30, 2011 *Des Moines Register* front page article titled, "Big disparity found in health of Iowans." The article, using results from a Wisconsin Health and Population study, found Appanoose to be the least healthy county in the state.

Residents have again begun to organize to address these problems; one local man, Bill Burch, started a campaign called the 10.10.10 project. This grassroots organization has the mission of going from one of the 10 worst counties in Iowa to one of the 10 best in 10 years. Bill Burch has achieved substantial stature within the community through his business relationship with former Exline resident Morgan Cline. Mr. Cline has made substantial reinvestment into the community as is described below.

The community continues to struggle with class divides and social strife. During my second visit to the county I stayed in an upstairs apartment on the Centerville Square. Each of the six nights, Sunday through Thursday, large crowds of people gathered on the square starting in the late afternoon and lasting into the early morning hours. These groups would race in pickup trucks around the square; rev engines, play loud music, and cause a general low level of disturbance. People would sit on park benches drinking and smoking. Women would push baby strollers with small children in groups. In the morning the square would be littered with the empty bottles and general food trash left by the nightly occupants. The week before I arrived, one man in his twenties took a baseball bat to three different storefront windows of businesses lining the square. Nothing was stolen from the businesses. In the fall of 2012 there have been three unsolved arsons occurring in town and the rural areas of the county.

### 5.1.2 Sense of place in Centerville

Appanoose County has the lowest measured social capital in the state of Iowa based on the analysis in Chapter 4. Yet citizens are engaged in many different local efforts. Civic engagement is led by

people who have a self interest in seeing the community grow, including the elements of the traditional growth machine: bankers, realtors, and newspaper editors. Many people are volunteers, however, addressing different issues in the community for personal reasons. In this section I examine what motivates volunteers in the community.

Engaged citizens who are working to address rural development in the community believe that Centerville is a great place that has a rich history and a lot of potential for the future. Residents are proud of the downtown square surrounding the courthouse, the lake developments, and the community's history. The county seat in this high poverty county is working simultaneously on so many different elements of development. People in the county want to preserve their history and their historical buildings, improve the town's housing infrastructure, and improve public recreation, including adding new trail networks, improving city parks, and building new sports complexes. At the same time there are many in the community who want their basic needs met. They want a job; they are living on public assistance, and the county has problems with illegal drug use. There are many different active groups who are all fundraising and who are focusing on their separate projects. A general sense from a lot of these groups is that they are motivated to make the town better. There remains an ongoing tension that is frequently addressed by both sides in the local newspaper. Most recently, citizens have been responding to bad press: the departure of Rubbermaid, the largest employer in the county, and the highest poverty rate in the state.

Citizens have actively addressed the community's future and criticized, supported, and challenged the community's response to all of these negatives. I used the newspaper's online search feature to find articles and editorials that mentioned Rubbermaid, Honey Creek, resort, and downtown and identified letters to the editor or articles written by citizens. An examination of these articles revealed some themes: we still have a lot of things going for us (especially the railroad and the destination park) and don't get down on our town or the people trying to change it; we have survived a lot and we can overcome these current obstacles too (we may even be better off once we recover from Rubbermaid's departure). There were also negative articles that emphasized that the community was mismanaging its resources by investing in tourism and recreation and should put more focus on bringing in jobs. Overall, the majority of residents who spoke about the project or wrote to the local newspaper were excited about the opportunity to bring recreational development to Lake Rathbun especially because the state of Iowa was making a significant contribution to the project. After losing manufacturing jobs, residents in the county were anxious to see the state reinvest in the community.

### 5.1.3 History of the organization and comparisons to the Rathbun dam project

The RLR is a group of bankers, elected county officials, local representatives of federal agencies, a former lobbyist, and representatives from the area's community college that have championed the resort project. The local efforts that went into bringing a resort project to the lake are tied to the efforts to solve local flooding problems. Both efforts took long term involvement, several attempts, and government funding. I provide some history about this previous project as a way of setting the stage for understanding the latter efforts.

In the 1930s and 1940s, the agricultural economy was suffering, mining was in continual decline, and no one was thinking much about tourism when they discussed the need to find a solution to frequent floods. During the course of public discussions, two groups formed within the community on opposing sides of the dam's construction. The Chariton Valley Development Association was formed in 1955 by pro-dam leaders in the community. Many of these men had been involved in the effort since the late 1930s, and by the 1970s many of them had withdrawn from active community leadership. Bill Lodwick, referred to as the father of the Rathbun Dam, worked almost singlehandedly on the project and surmounted the first rejection in 1944. He had moved to Washington DC and died in 1969 before the dam was opened.

A few men, including Robert Beck, the son of the newspaper owner, who was 22 and a fresh reporter at the 1937 meeting, was still active and interested in working with a new group of people to support a resort project. Many interviewees spoke warmly about Beck and said over and over that one of his greatest contributions to the community was the way he ran his newspaper. Through the paper he championed many public works and economic development projects. Bob Beck passed away in 2004, when it seemed likely that the project would be funded but before any money had been appropriated. Beck wrote a history of the Rathbun Dam project and was a constant community supporter during his lifetime. His personal story of civic engagement in the county spans many different projects: the lay person hospital board, the Rathbun Dam, the railroad, among others. He was also a politically active member of the Republican Party, served one term in the Iowa State legislature from 1953-1955, and twice failed in bids to be the Republican candidate for Governor in the 1960s. His history and political ties were a benefit to the RLR. The RLR also was able to attract interest from Albia banks and leaders as the Albia community in the neighboring county had actively worked to support the Rathbun Dam project.

There are a few other noteworthy comparisons about public opinion, local leadership, and financing to be made between the dam and resort projects. Beck wrote,

The only other local controversy in the twentieth century that comes near to matching the Rathbun Dam eruption would be the Ku Klux Klan struggle in 1923-1926. Both were intense, involved personalities and at times became very bitter. [...] Both severed friendships. Both touched emotions and evoked anger. Both at times threatened to tear the community apart (Beck, 2002, pp. 8).

The dam was one of five original solutions proposed to the problem of frequent flooding. The other four were to 1) Maintain the natural Chariton River Channel, 2) Straighten the channel, 3) Install levees along the channel, and 4) Increase conservation land uses around the channel. Leaders in the community supported different approaches, but nearly everyone in the county recognized that this problem needed a solution. Some of the early vocal supporters of fixing local flooding turned into adamant opponents to the push to build a dam. This group formed their own organization within the community, the Upper Chariton River Landowners Association. This group, of mostly farmers, fought the project from the first recommendation from the Corps to build a dam in 1947 until the early 1960s when it appeared all but certain that the government would fund the dam. There was no doubt something needed to be done about flooding. The 1947 Corps report found that the river had “serious flooding” in 21 of the previous 31 years. In comparison, there was mostly community support to building a resort project on the lake. Throughout the state there have been vocal opponents to this allocation of public funding. Within the community there have also been residents that question the benefit of the project, who are skeptical of the impact, and challenge the idea that the county will be able to pay its debt on the resort. There has never, however, been an attempt to protest building a resort.

As with the dam, the community was reliant on outside investment in the project, and in both cases the government provided the necessary funding. This meant that in both projects, there was a core of community leaders who worked closely with state and federal politicians and agencies. The Army Corps of Engineers were initially opposed to the dam project after finding an unfavorable cost benefit ratio in a 1944 report. This is when local resident Bill Lodwick assembled his own statistics that pointed out flaws in the study and convinced congress to authorize a new study the following year. This second report, released in 1946 by the Corps, found that a flood control project was warranted and from that point forward the Corps took a special interest in the project and provided continual leadership and effort towards the project. The Corps created their own primitive camping and recreational opportunities during the construction of the dam project and supported local efforts to build a resort from the beginning. Bill Duey, the operations project manager at Rathbun Lake for the Army Corps of Engineers, spoke about his extensive involvement in the project, especially during the

most recent effort spanning from 1999 to 2008. Duey is a member of the RLR and continues to work on the project today, now as a citizen, having retired from the Corps in 2010.

Unlike the dam, local leaders first attempted to find private investors for the resort project and undertook several unsuccessful efforts. The first effort started soon after dam construction began and residents could begin to realize the potential for recreational opportunities and the scope of the lake. Area leaders sought to take advantage of the lake in two ways, first by developing a rural water cooperative that could supply a constant and cheap source of water to farmers and area industries and secondly to capture tourism benefits from recreational use of the lake. The first initiative was immediately successful; today the Rathbun Regional Water Association is the third largest rural water cooperative in the U.S. The CEO of the cooperative supplies water to 80,000 people and has almost 7,000 miles of pipeline stretching nearly half-way across Iowa from Lucas County in central southern Iowa to the Mississippi River to the east.

The initiative to build a resort would repeat the history of getting the dam constructed and take over 30 years of local lobbying efforts to finally find enough financial capital to complete the project.

#### 5.1.4 Previous attempts to build a resort park

The Army Corps of Engineers owns Lake Rathbun and a buffer area around the lake that can be used for flood mitigation. Part of the Corps land would be needed to create any resort opportunities. The Army Corps of Engineers owns 505 acres and the Iowa Department of Natural Resources owns the other 345 acres that make up the 850 acre site. The State of Iowa, through the Iowa Department of Natural Resources, had purchased the 345 acres from four private land owners in the mid-1970s with the intent of combining these lands and lands leased to the DNR by the Corps for the development of a resort. The area was left undeveloped as Honey Creek State Park (Duey 2008). From the beginning the state said that they would support private development on the site and would be willing to offer a 100 year lease to a developer. While the state park remained undeveloped, the Army Corps of Engineers installed minimal recreational amenities around the lake. The Army Corps of Engineers authorized a number of uses for Lake Rathbun: flood control, flood damage reduction, fish and wildlife management, water quality improvement, water storage, and recreation. As a part of the dam's construction, the Corps built eight campgrounds with 450 campsites, 26 boat launch lanes, and additional recreation uses. Since the lake's opening, the Corps has managed these facilities, but they have a modest and minimalist approach to providing amenities. The Corps realized that the lake would be used recreationally and its only responsibility is to provide access to recreational opportunities to prevent damage to the lake.



Camping is permitted but confined to some areas; boat launching is also permitted, but again only in areas that offer the infrastructure access. The Corps was not opposed to bringing out high quality natural recreation amenities to the Lake as long as the facilities did not impinge on the Corps' other

*Participant vignette: Retired President of Iowa Savings and Trust Dave Taylor*

Dave Taylor was one of the constant supporters of the resort project and the first president of the group for several years who kept the RLR group alive by holding occasional meetings between efforts to secure financing and interest. Taylor came to Appanoose County as the Executive Vice President of Iowa Savings and Trust in 1976 and became the bank's President in 1978. He retired in 1992 but kept working at the bank for 15 years on various community projects the bank had an interest in, including the RLR. Taylor was one of five men who were active in economic development in the community in the late 1970s. He was one of the founding members of the Appanoose Industrial Corporation and the Appanoose Economic Development Corporation, which the AIC leaders formed separately to act as a separate sales organization.

Taylor, working with a few other key leaders, helped bring Rubbermaid and later Iowa Steel and Wire and Dannco to Centerville. He also helped the community secure the railroad and worked on multiple revenue forecasts for the railroad project to make sure the project could be self-sustaining. Outside of traditional economic development activities, Taylor was also a member of the hospital board of trustees for nine years. He was formerly a vice president in a bank in Des Moines before being recruited to Iowa Savings and Trust. Recounting his experience in the community, he said, "I didn't realize that when you came down to a small town like this you got involved in everything."

responsibilities.

#### *5.1.4.1 Early efforts in the 1970s*

As county residents realized the solution to the flooding problem would be the construction of a dam creating a reservoir, some interested parties began to imagine a lodging project that would increase tourism to the area. While the Army Corps of Engineers provided campgrounds and simple recreational access to the lake, leaders in the county saw the potential for a lodging facility and a wider array of amenities. Some people imagined the success of the Lake of the Ozarks in Missouri, a 55,000 acre lake with 1,150 miles of shoreline. The completed Rathbun Lake has 11,000 acres of water and 155 miles of shoreline. And a critical difference between the two lakes is that while both were formed from damming a river, Lake of the Ozarks is privately owned and was damned for hydroelectricity while

Rathbun Lake is owned by the Army Corps of Engineers and was damned for flood control. This ownership and purpose difference complicates local development opportunities because the Corps owns a large buffer around the lake in order to ensure it can adequately accommodate flooding issues. Also, topographically the Lake the Ozarks is hemmed in by rocky cliffs, which allows for the construction of “Lakeshore” housing on the rocky sides of the lake without threatening home safety. Lake Rathbun is much flatter and there is not a way to build outside of the buffer that still makes it seem like homes are close to the water.

At the time of the dam’s construction, the county had an informal economic development group in place, the same gentlemen that had worked for many years to build the dam. The first active effort to attract a private developer failed in 1972. Southern Iowa Utilities, which was a locally owned utility company, showed interest in building facilities at the lake including a marina and some hotel rooms, but decided that the group should seek private developers first. This utility company merged in 1991 and now is part of Alliant Energy. Keith Sherman has worked with the company for 30 years and has provided leadership in other local economic development efforts, including serving as the President of the county economic development association during a rocky time from 2005-2008 when the company lost Rubbermaid and Knight Rifle, changed development directors three times, and made newspaper headlines for losing a company to Knoxville, Iowa. Sherman was supportive of the resort project but more centrally engaged in other economic development activity. He is currently taking a break from active engagement with the economic development corporation and serves as a member of the railroad commission.

#### *5.1.4.2 Another serious effort in the early 1990s*

The resort project took a hiatus during the 1980s as the local economy reeled from the farm crisis. Dave Taylor and other leaders focused their attention on local job creation through industrial recruitment. The group entertained different ideas for the project but nothing seemed to have much traction. The Chariton Valley Resource Conservation and Development (RC&D) had provided staff support and input to Taylor and others working on economic development in Appanoose County and also became involved in the RLR’s process. Resource Conservation and Development councils were established as part of the Agricultural Act of 1962 and placed under the authority of the Natural Resources Conservation Service in the Department of Agriculture. There is a national organization, various regional organizations, and local chapters. Funding and priorities for the councils have changed

through legislative changes to the Federal farm bill. The councils have a four part directive: land conservation, water management, community development, and land management.

The second serious effort to find an interested party occurred in the early 1990s. Brad Young, who had supported the effort to build the dam, Jeffrey Young's father and owner of Iowa Trust and Savings Bank, took the proposal to the head of the Marriott Family Hotel Chains. Bill Marriott, in reviewing the plans felt that the market was too risky and tourist season on the lake was too short to make the hotel profitable. Other private developers felt the same way. The project's projected profit margins were too slim to interest anyone in the private sector. The RLR went back to holding occasional meetings; the group remained open to new opportunities to fund the project but did not have any serious prospects for several years.

#### *5.1.4.3 Reorganizing efforts in the late 1990s*

In the late 1990s the members of the RLR decided to try to find the money for the resort park concept again. Previously, members in the organization had filed the paperwork to become a limited liability company with the assumption that if the group had an interested prospect to build a lodging facility, the RLR would find local money to invest in the project. The group mustered its membership and agreed to make another push, picking up the organizational status again. Over the intervening years, there had been few changes to the core set of members. The RLR looked to member Bob Beck, the newspaper owner and one of the few remaining Rathbun pioneers who were involved in the process to build the dam at Rathbun. As mentioned earlier, Beck had significant political ties in Des Moines and Washington D.C. It was Beck's decision to try to get President Nixon to attend the opening ceremony for the dam, an effort that proved successful in 1971.

#### *5.1.5 Governor Vilsack enters office and places an emphasis on recreational amenities development*

In January 1999, Governor Tom Vilsack (1999-2007) was inaugurated, replacing Governor Branstad's (1983-1999) consecutive terms, and Bob Beck had a political advantage. He had attended the same college as the Governor's wife's father and was a close family friend even though they have also supported opposing political parties. Christie Vilsack's father, Tom Bell, supported Beck's unsuccessful candidacy for Governor, and Beck returned the favor supporting the political careers of both Christie Vilsack and her husband. The RLR, using Beck as a spokesman, began talking to the Governor about the need for economic development in Southern Iowa and the advantages to capitalizing on Lake Rathbun. One of Vilsack's early initiatives was a strategic planning process called Iowa 2010. The Governor

convened 37 Iowans across the state, primarily from larger towns, forming the Governor's Strategic Planning Council. The group was tasked to "create a vision of what kind of place we want Iowa to be in the year 2010." No members from Appanoose County or neighboring Monroe County were part of the Council.

Vilsack married a native of Mt. Pleasant a town 90 miles from Centerville in Southern Iowa. The couple returned to Mt. Pleasant in 1975 and Vilsack started his political career in the town first as mayor and then a member of the Iowa Senate. Therefore, he was sympathetic to issues in Southern Iowa and understood the prevailing sentiments in the state of Iowa that, aside from typical urban-rural feelings, southern Iowans feel they are particularly neglected, treated poorly, and ignored by politicians and their richer neighbors in Northern Iowa. In all four counties I heard the following sentiment at least once, "If you made southern Iowa part of Missouri, the poverty rates of both states would go down."

Vilsack held a press conference on April 8<sup>th</sup> that described the strategic planning process that would begin in the summer of 1999 and culminate in a plan presented in June 2000. The final report dated November 1, 2000 presented eight goals. Goal 4 was to create a great place to visit and to live and Goal 7 was to protect and preserve our natural resources. The plan also presented bold opportunities for the future, one of which was to "create destination attractions that provide more opportunities for recreation and entertainment" (Osman and Brandsgard, 2000, pp. 8). The council recommended five priority actions. The first was to "develop and promote new and existing recreational areas." (Osman and Brandsgard, 2000, pp. 22). This plan explicitly mentioned developing destination lodges in or near flagship state parks. In his January 9, 2001 Condition of the State speech to the Iowa legislature, Vilsack mentions, among other priorities, building two new destination parks and fortifying current environmental programs (State Public Policy Group, Inc., 2001, pp. 8).

#### *5.1.5.1 Rathbun Lake is named as 1 of 8 potential sites by the DNR*

Vilsack's own interest in destination state parks predated the findings from the strategic planning process, and the Governor asked the Iowa DNR to begin looking for suitable locations in the spring of 2000. IDNR hired Shive-Hattery, Inc., an independent architecture & engineering consulting firm, to establish criteria and evaluate potential sites in a recommendation to the IDNR. The State of Iowa envisioned building high end luxury lodging facilities with additional recreational amenities to attract a range of visitors. Their initial report was completed on September 28, 2000 and included scores for eight different locations. Honey Creek State Park on Rathbun Lake and Brushy Creek Recreation Area near Ft. Dodge scored the highest. This report was unanimously approved by the Natural Resources

Commission on Oct 12, 2000, and Shive-Hattery, Inc. proceeded with a Phase 2 report that included initial master planning for both sites. A critical piece of this second report was a second public meeting. In the spring of 2000, Arnie Sohn from the IDNR had made public presentations at all eight potential sites. Dean Kaster, a member of the RLR attended each of these meetings to stay aware of the process. In many communities the meetings had low turnouts.

Kaster became involved in the RLR because of his position with the county board of supervisors. Dennis Ryan, a County Board of Supervisors member in Monroe County was another long serving participant in the RLR. Members from Lucas and Wayne County were also at one time engaged with the project, but most of the economic impact will be felt by tourism spending spillover into Albia, the county seat of Monroe County 17 miles from the resort and on the way to the resort from Des Moines and interstate 80, and Centerville the county seat of Appanoose County and 19 miles to the south of the resort. Although he had not been engaged in previous efforts, Kaster became one of the consistent participants since 2000. He supported the county taking on a \$400,000 bonding obligation to contribute to the project, attended meetings in Des Moines, and volunteered to attend all eight of the DNR's initial meetings across the state when the agency was soliciting public feedback about building a premier destination resort.

"When the word came out about these eight sites, it was from Sioux City to Bettendorf to Ft. Dodge to, it was all over. I took it upon myself to go to every one of those meetings because I wanted to know what was going on and I was not going to depend on somebody, a news release, [to tell me] 500 people were at this meeting and so on and so forth. A couple of times I got a state senator to go with me that represented Appanoose County to give him an idea of what was going on too," Kaster said. After each meeting he would report back to the Chariton Valley Resource Conservation and Development project manager and the rest of the group. During the course of this process, he became personal friends with Arnie Sohn, who worked for the DNR and ran the series of public meetings.

#### *5.1.5.2 Honey Creek State Park and Brushy Creek State Park are chosen as the two finalist sites*

Two months after Honey Creek State Park at Rathbun Lake was listed as one of two potential locations for the first destination park, the IDNR held public meetings at both locations. At Brushy Creek, near Fort Dodge, Iowa and 90 minutes north of Des Moines, Dean Kaster and newspaper reports estimated that between 110 and 200 people showed up, and about half of the people were afraid a new development would ruin the experience of established users, especially equestrian use and public hunting and shooting. On Dec 19<sup>th</sup>, 2000 Kaster and others estimated 500 to 800 people came to the

meeting for Honey Creek, which was held at the Manhattan, a local restaurant. There was widespread support among attendees for the project. RLR members recall that of all of the local people who turned out and spoke, only one individual stood up to speak against the project. Her complaint was historical in nature; she was the daughter of a farm family that had been displaced during the creation of the dam and resulting lake, and she still felt some injustice from losing the farmland. There was such overwhelming sentiment for the project that locals in the room began booing her as she spoke and she left the stage.

*Participant vignette: Appanoose County Board of Supervisors Chairman Dean Kaster*

Dean Kaster has served on the county board of supervisors for over 12 years and as chairman of the board for seven years. Dean worked as a meter reader for the local utility company during his career, an occupation which brought him into the backyards and utility poles of people and businesses all over town. After retirement he started a catering business with his wife and decided to run for the county board of supervisors because the position would allow him to give back to the community, and as he said, “he wasn’t one of those retired people who just wanted to sit around all day drinking coffee and shooting the breeze.” Kaster commented that during his tenure with the board, supervisors are being asked to take on increasingly more responsibilities. He now sits on 14 different county or multicounty boards that oversee senior services, mental health, and sanitary, among other issues. “All of this has changed. Supervisors used to do roads and weeds; now, they want to see a county elected representative present at any group that makes decisions about how to spend tax payer money.” Kaster travels across six counties in southern Iowa to attend these meetings.

Shive-Hattery, Inc. delivered their second report to the Natural Resource Council on January 11, 2001 recommending that given the expected cost of the facility the state should only proceed on one location at a time and that Honey Creek State Park be given priority as the location for the first Destination Resort Park. The report cited two factors in the decision to choose Honey Creek. There was strong local support for the project, and Honey Creek would draw more visitors because it provided a better and larger recreational amenity. Brushy Creek State Park was already developed with trail systems, campgrounds, and other amenities that would need to be altered to make room for a lodging facility. In comparison, Honey Creek State Park was completely undeveloped and was being tenant farmed, so no current recreational users or their facilities would be displaced through the project.

Honey Creek is relatively flat and provided master planners a blank canvas, and the RLR was asked to work with design companies and the local public in the area to finalize plans for the site. Again this report was unanimously approved. Another private consulting firm was hired to complete a master plan for the park in the fall of 2001.

The project underwent a series of studies for archeological significance and biological significance. The biological report found that the resort park would destroy the habitat of some species and so the DNR was tasked to mitigate the loss and bought additional acreage in the southern part of the county, conserving the area as a wetland.

#### 5.1.6 Finding the money and building the park

After the site was selected, the work for the members of the RLR intensified. The IDNR gave the Chariton Valley RC&D a three year grant for a project manager to oversee the process. After the grant the RC&D remained engaged with two coordinators collaborating with the RLR during this most recent effort. In 2011, the federal government withdrew funding for RC&D organizations and the Chariton Valley RC&D was one of four of Iowa's to close within a year (The Gazette, 2012). The group did extensive lobbying to secure state appropriations for the facility as well as work with design teams, state agencies, and budgets to create and approve plans for the facility. Dean Kaster traveled with the group in efforts to lobby the legislature for funding, as he recounts,

“So RLR, we were heavily involved with meetings, with architects, construction people, the DNR. It was just a constant string of meeting. It is just unbelievable that amount of meetings that we went to, and they were all in Des Moines. We had to go; oh man it seemed like to me that we were there once a week for meetings, sometimes twice a week. So you know it was a major undertaking.”

Members of the RLR frequently asserted how important their working relationships were with the Army Corps of Engineers and the Department of Natural Resources. It took a lot of coordination to accommodate the resort plans with the flood mitigation needs of the Army Corps, and Bill Duey joined the RLR in 1986, agreeing to sit in on any meetings and make sure that any potential project met certain Corps requirements. Dave Taylor credits Duey's interest in getting the RLR reorganized in the late 1990s.

Bill Duey worked as the assistant manager at Lake Rathbun from 1982-1984, worked another corps job in Kansas, and returned to Rathbun Lake in 1986. He joined both the RLR and the Rathbun Lake Association, a chamber of commerce organization of lake business owners, in 1986 in a non-voting advisory position in order to stay abreast of efforts by others to make changes to the land around the

lake or uses on the lake. It was Duey's job to make sure that the Corps could continue to meet its flood control and other responsibilities.

Duey estimates he spent about half of his time on the job for eight years working on this resort project. By attending all of the meetings he was involved as the group brainstormed different ideas and projects, and he could quickly point out what plans might face opposition or restrictions from the Corps' other goals for the lake. Others in the group were quick to point out that his mediation between the Corps and the project was invaluable. He chose to be involved in many different aspects of the project, and after retiring he has remained in the area and still works to help the group fundraise for on-going projects.

During the course of the project, the RLR had to solicit the state's approval at several points for the project. The RLR relied on a number of political avenues to rally enough support statewide for this project. Two members, Carol Bradley and Bob Beck, had personal political connections. Other members of the RLR were connected to different politicians. Some enjoyed close relationships with long serving US Congressman Jim Leech who began to represent Appanoose County in 2003 after a redistricting. Dave Taylor, the retired Iowa Savings and Trust President had a good relationship with Governor Branstad who had helped Appanoose during the economic downturn in the 1980s. Jim Carney, a lobbyist, had ties to the region and helped the group during trips to the statehouse in Des Moines.

Multiple members cited the work of Carol Bradley as invaluable to the group's efforts to secure enough support in the Iowa Legislature for appropriation money. She was raised on a farm outside of Moravia in northern Appanoose County, and had worked for years as a lobbyist for Iowa State University. During the course of the project, she retired and moved back to farm on her family's land. Dave Taylor knew her and he asked her to join the RLR. Bradley agreed to come on board and helped the group make their case.

In 2004, projections estimated that the resort facility (lodge, convention center, aquatic center, golf course, and family cabins) would cost 19.5 million to construct. A 10 year pro forma showed positive cash flows assuming a 58% occupancy rate and \$120/night in the lodge and \$145/night in the family cabins with a \$45 golf course fee (Economic Research Associates ERA –January 2004). The IDNR asked for an updated study two years later and found similar results, although the cost of the project increased to \$29.4 million in 2005 dollars.

In 2005, the Iowa legislature established bonding authority for the project. The RLR was asked to raise 4 million dollars to match \$3 million of legislatively appropriated funds for the construction phase of the project. In 2004 the group found the money by including both cash and in-kind donations (see



Table 5.2 and Table 5.3). \$2.06 million came from three different utility companies, Rathbun Regional Water Association, Chariton Valley Electric Cooperative located in Albia in Monroe County, and Iowa Telecom. Iowa Telecom, formerly headquartered in Newton, Iowa, was sold to Windstream Corp., headquartered in Little Rock, Arkansas in 2010. Cash donations came from area businesses, area banks that were represented on the board of the RLR, and from sponsorships and naming rights to various elements of the facility (see Table 5.3). In addition, a private individual made a \$1 million dollar loan to the RLR group anonymously.

In 2006, the Appanoose and Monroe County Boards of Supervisors each bonded \$400,000 for the project. The counties will be paid back through a hotel/motel tax collected at the resort from the hotels and cabins. RLR will add another \$600,000, also to be paid back from the tax. The Centerville Area Chamber of Commerce has agreed to allow 5 of every 7 cents collected from the sales tax to go towards repaying the bonds. In 2006, RLR President Kevin Kness of People’s State Bank in Albia estimated it will take seven years to repay the loans (Ehl 2006).

The state issued state bonds on October 19, 2006 for a 105-room lodge, a restaurant, an aquatic center and conference facility, an 18-hole golf course, family and group cabins, a sewer facility, a boat ramp, and docking facilities. In 2007, the project was sent out to bid twice and the plans were modified between bids as the group sought to stay within budget. In the end, the family cabins required another set of appropriations in 2010 and were built after the resort was opened. The 20 year bonds were refinanced to 30 year bonds. Any profits made at the facility are put back into improvements after all of the debt is serviced.

**Table 5.2: Local donations and in-kind efforts coordinated by the RLR**

Organization	In-Kind & Donations
Rathbun Regional Water Association	928,000
Chariton Valley Electric Cooperative	877,000
Iowa Telecom	250,000
Private loan	1,000,000
Appanoose County Board of Supervisors	400,000
Monroe County Board of Supervisors	400,000
RLR Inc.	600,000
<b>Total Local In-Kind and Match</b>	<b>4,455,000</b>

**Table 5.3: Private donations made to Honey Creek Resort State Park**

Company	Donation
Cargill	\$50,000
Iowa Trust and Savings Bank, Centerville	\$50,000
People's State Bank, Albia	\$30,000
First Iowa State Bank, Albia	\$30,000
Roger and Jan Winslow (retired business owners from Albia)	\$30,000
Mercy Medical Center, Centerville	\$30,000
L and W Quarries, Ideal Ready Mix, Johnson Holding Company, Centerville	\$30,000

*Source: Oct 24, 2008 Daily Iowegian Story*

#### 5.1.7 Honey Creek Resort State Park opens

The completed resort park held its grand opening after a few construction delays in September of 2008, shortly before the nation would enter a prolonged recessionary period. The facility has a main lodge with 105 guest rooms with an attached conference center and a restaurant. There is also an indoor water park facility. Behind the lodge is an 18-hole golf course, the project added another marina to Lake Rathbun with 40 boat slips and two additional boat ramp launches.

Additional organizations in the community have worked on tying the Honey Creek Resort area to other amenities by developing a network of trails, including a water trail for canoes that leads to a small camping area designed for canoeists. A group of people formed the Appanoose County Trails organization and obtained 501c3 status to be able to apply for grants. This group has worked with another local organization, Rathbun Snowriders, and the DNR and the Corps of Engineers to design, build, and maintain multi-function trails. These groups have raised money from private sources and received money from the American Recovery and Reinvestment Act and other public sources. The North Shore Trail, an 8.5 mile paved path with a parallel snowmobile trail opened in the summer of 2012.

##### *5.1.7.1 Local reactions towards the development of the Honey Creek Resort State Park*

Locally, there has been continued support for the project by the regional citizens and the branch offices of the Army Corps of Engineers and the Iowa Department of Natural Resources. At the resort park's groundbreaking, Iowa Governor Tom Vilsack promoted the spillover effects the project would have in the region, "I look for the destination park to be a catalyst for economic and recreational growth in the entire Lake Rathbun region." (Baskins 2006). Iowa DNR representative Arnie Sohn shared the sentiment saying, "There are a lot of partners who are deeply invested and working to make this project

successful. With a project of this size and scope in southern Iowa, it holds the promise for economic enhancement for the surrounding area." (*Daily lowegian* 2006).

There has been minimal local critique that the area has spent so many resources on a tourism project instead of traditional manufacturing and industrial recruitment to boost job creation. The following letter to the editor comes from a frequent contributor, Kathy Coopridier, who expresses her concern.

One line of thought is that resorts, tourism, complexes, trendy shops, theatrical endeavors et al. are what is and will sustain this community. This type of employment is called service employment (employment contributed to production of goods and services marketed within the immediate area). . . . Additionally, as well, farm numbers in continued decline because federal and state (DNR) purchasing so much land from farmers for Rathbun Lake, Honey Creek Park, Honey Creek Destination Park (resort) and land adjacent to Lelah Bradley Park (sports complex), the list is endless. . . . Jobs! Jobs! Additional employment (life sustaining, full time with benefits) is the only answer. Tourism will not be an alternative; Industrial Park needs to be filled. – Kathy Coopridier, *Daily lowegian* Letter to the Editor May 12, 2011

A few days later, another citizen expressed a sentiment I heard from many within the county. People recognize that having recreational amenities does support job recruitment. Citizens in the county value quality of life and feel that the resort project can help the area capitalize on its lake.

I'm certainly not an expert and I don't know all that they are looking for, but I know that if we don't measure up to another community, that manufacturer doesn't choose Appanoose County. It's not as simple as 'hiring a professional' to make jobs appear. So the tougher question is — how can we make our community more inviting to these prospective businesses? Honey Creek Resort has added a huge drawing card for our area. The Morgan E. Cline Family Sports Complex will be viewed favorably by prospective businesses as well. These are not huge wastes of real estate — they are pieces in a puzzle that is building a county that will be better received by those prospects. . . . Yes, we need jobs. But it takes so much more than just saying it. – Lisa Eddy *Daily lowegian* Letter to the Editor May 19, 2011

#### 5.1.7.2 Statewide reactions towards expenditures

Statewide, many have seen this project unfavorably because of its enormous cost and its inability to be self-sustaining, albeit during a recession. As of December 2012, Honey Creek Resort Park is estimated to be a \$58 million dollar facility. Revenue at the park has grown each fiscal year but most recently the park was still over \$500,000 under revenue projections. Locally, the DNR has changed management companies, and there have been certain growing pains, but overall people are optimistic about the resort's ability to repay its bonds and succeed. Statewide, people deplore what they see as a

misallocation of tax payer money. Furthermore, the legislature and the Governor's Office have been asked to contribute more money to the project. Iowa's newly elected Governor has continued to support the project after Governor Vilsack left office. The IDNR has been forced to cover bond payments and management fees with funding from other programs. The Gazette newspaper from Cedar Rapids reported on December 19, 2012 that the IDNR has used \$4.9 million from the Resource Enhancement and Protection (REAP) funds since Honey Creek opened. The IDNR has since asked the governor to set aside funding to make bond payments so the DNR can continue to run the rest of its programs (*The Gazette* 2012). The residents of Appanoose County are aware that the Cedar Rapids area has been critical of the resort project since it was first announced and suspect that it is because the area is jealous of the resort's location. Recently reporters from the Cedar Rapids area have proposed that the state sell the property and cut its losses while it can.

#### 5.1.8 Future of the organization

This project required significant partnerships among multiple agencies and strong support from the Iowa legislature, three local utilities, two county governments, the local community college, the now defunded Chariton Valley RC&D, the local group of organized citizens, and the advocacy and financial support of the local community. As this project stretched for over a decade, there was some turnover of local membership, as people left positions, came back to the community, or could no longer be civically engaged. Part of the ultimate achievement of this project was the continued cooperation and hard work of a core group of people. Multiple people and organizations were involved in this effort for decades.

There were a lot of people who believed in this project, and when they were in a position to be involved, chose to do so. Still active members of the group pointed out the helpful contributions of others who have since retired. This project reflects strong collaboration between private and public institutions and people in two counties. Some participating agencies, most notably the banks, received private profit by financing the local matching contribution. The length of time that went into this project and the institutional donations by the banks supports an argument that the banks were more than simply profit oriented. Indian Hills Community College representatives contributed a lot to the project and were originally going to have space in the facility to offer a rural entrepreneurship program. When budget shortfalls mandated the facility be redesigned, this option was no longer feasible, but the representatives remained engaged in the process and committed to the project's ultimate success. This project relied on a few key relationships that were formed prior to or outside of this effort, including Dave Taylor's personal relationships to lobbyist Carol Bradley and Governor Branstad. The project's

success also hinged on the cooperation of multiple institutions and the leaders in those institutions whose job success and day to day activities did not mandate that they volunteer and work on this project. Yet, across multiple institutions, the local leadership chose to be involved and engaged. This local team of volunteers was asked to make significant decisions about the design that would impact the project's profitability and long term success. No one in the group had designed a resort lodge before or had extensive experience in the area of recreational amenity planning. This project required a lot of personal belief that this group could succeed, and many people staked their institutional health, personal social capital, and position in the community on this project's success. The group continues to hold occasional meetings and still offers opportunities for large donors to name portions of the lodge. The group estimated that the loans will be paid back in seven years.

## **5.2 Bringing a Call Center to Moulton**

A group of residents in the small town of Moulton, Iowa wanted to bring new families into town to improve the viability of the local school district. The group relied on a local banking family and institutions in the county seat to find enough funding for the project. This group succeeded in attracting a call center company from rural North Dakota that was seeking to expand. The company began operations in Moulton in January 2012.

### **5.2.1 Moulton background**

Moulton, Iowa is a small town of about 600, once supported by the intersection of railroad lines and railroad jobs; the town has little industry left. Moulton sits a few miles south of Hwy 2 about 15 minutes distant from the county seat of Centerville. The town of Moulton was founded in 1867 it was surveyed by and named for John B. Moulton, an employee of the railroad industry. The new town incorporated a smaller settlement named Elizabethtown that had been originally platted in 1854. The town was built by the railroad, remained specialized in servicing the railroad, and would decline with rail services as well. In 1869 the St. Louis & Cedar Rapids Railroad came through Moulton and connected to Ottumwa. Moulton received its second railroad line constructed by the Burlington Railroad in 1871. The same year the second rail line was built the community built a school and added classes for high school students four years later. The third rail line reached the community in 1901; the Wabash line connected the community to both Des Moines and St. Louis. The community served as a central point for train repair and coal and water refueling, until this work left the community beginning in 1932. Slowly the rail lines also left first in 1950, then in 1971, and finally in 1983 (Cosby 2007 and Heusinkveld 2007).

In the meantime the community established a historical society and museum in 1965. A local resident, the son of one of the town's attorney's, and his wife donated the money for the town's library which was dedicated in 1969. The traces of the railroad industry are largely gone, the depot and the roundhouse were torn down and the last tracks were removed in 1992 (Cosby 2007). The Elmer Wood Company is the longest continually operating company in Moulton's history. The company was started in 1890 as a grocery store and in the height of the railroad activity built a department store in town that combined clothes, shoes, groceries and hardware. The building's blueprints called for a seven story construction that would place an eventual six story hotel above the department store. Elmer Woods was banking on further town expansion fueled by the growing railroad. Instead in 1930 the company transitioned from consumer retail to a traditional agribusiness company offering seed, fertilizer, etc. The business changed hands from father to two sons, and then grandsons adding grain elevators to accommodate increasing yields from hybrid seeds used after WWII. Over the summer of 2012, the company's grain dealer and warehouse operator licenses were suspended due to questionable financial solvency of the business (Daily lowegian, 2012). It is rumored the company might be bought by a small chain of grain elevators operated by a man in Centerville.

Within the county there is a central school district and parts of three smaller rural school districts which all survived a state wide push to county-wide school consolidation in the 1960s (Newcomer 2012; Alger 2012). The town of Moulton is also home to one of these smaller districts, and the Moulton-Udell Eagles had a 2012 graduating class of 24 and a total enrollment of 226. The school is small, currently financially viable, but struggling to adjust to changing state school funding and spending regulations (Sheets 2012; Alger 2012). Moulton-Udell is a place where parents prize close teacher interactions. The school has an adviser model where incoming seventh graders are matched with a high school teacher who provides counsel and advice until they graduate twelfth grade and in the past seven years the school has had a 100 percent graduation rate. The school also boasts a 1.5 student to computer ratio, the jazz band competes state-wide, and a couple of times both boys and girls teams have gotten close to the state championships in their division (Alger 2012).

Parents within the community increasingly commute further distances to find work particularly after the loss of manufacturing jobs in Centerville. The community remains a financially attractive place to live, a benefit to some, but another challenge for future economic development. If the community attracts new in-migrants there is a lack of available housing, particularly above market average homes (Probasco, 2012). Despite all of these changes, Moulton is still a small town where children can play in

the street and as one woman commented, it is a place where a senior could feel safe riding a bicycle when they don't want to drive anymore.

### 5.2.2 School pride and the Moulton Jamboree

Moulton has seen slow decline for a long time and has allowed that decline to go on relatively unchallenged. The principal described the role of the school as,

I guess for a lot of things here in Moulton, it is the pride of the community, they want, they know they have good students, hardworking teachers, they know part of their community identity is the school, it is the largest employer in the town. It brings revenue into the town. So there is a real urgency when a school is struggling to actually get out there and fight for it. Because it brings about many other opportunities that the town otherwise wouldn't have.

In 2010 during the most recent 5 year school audit from the Iowa State Board of Education, the state noted the fierce school pride and sense of community but also warned the school that its declining enrollment posed real threats to funding and continuation. The school followed up this visit with a town wide survey that asked about various positives of the school on the front side and on the back confronted them with the state's stark news. Parents were given the option of several strategies the school could pursue: whole grade sharing, partial grade sharing, or keeping the school like it was until it had to close. A majority of survey respondents wanted to keep the school like it was. The results of the survey were a shock to the community and were disputed by several as not adequately reflecting public sentiment. But primarily they were a wake-up call. The school needed more students to remain viable. Principal Alger said the school needs about 300 students in total and that he would like to have 6 to 8 new children every year, goals he thinks that are perfectly obtainable under slightly more favorable economic conditions.

The school community is described as an interconnected family, where despite of or because the population knows what it means to have a real need for food, clothing, and supplementary income, when a family or a child experiences a loss the community comes forward to provide support. Again the principal who compares his time in the community to another school district in rural northern Iowa says,

I find a lot of times in an area where there is a lower socioeconomic, lower incomes, they are more apt to give to each other, they all feel the pinch, if I am making it today, there will be a better tomorrow so I can give to that, type of philosophy. Where, sometimes you don't see that in larger communities, cities. To them it is more dog eat dog, if you can't make it, you probably shouldn't be here. Down here in this area, in these counties, they have a true understanding of where they are coming from. It is outside their picture windows, it is walking in their streets, and they know that there is a need. And if they felt like they

have made some accomplishments, and they are good this time, they will give what they can.

An employed parent with two elementary children in the schools who grew up slightly south of the area in northern Missouri but chose to live in the community spoke about the challenges families in the school face and the impact of poverty,

Appanoose is either the poorest or the second poorest [county in the state]. There are some families in the school district that would be able to afford some extra costs, but the majority of that would fall to four or five families. There are just too many in our school district and the county as a whole that just have too much work to do to get by from the day to day. We have a real hard time; no one wants to say, "We're poor". Nobody wants to have to say that. I grew up in a very poor area, poorer than this area in fact. Looking back, my parents were barely getting by. We loved the way lived, and we wouldn't have had it any other way. But it was tight and there wasn't extra money for things. If my parents would have had to put much money towards our schooling, I don't think they would have done that.

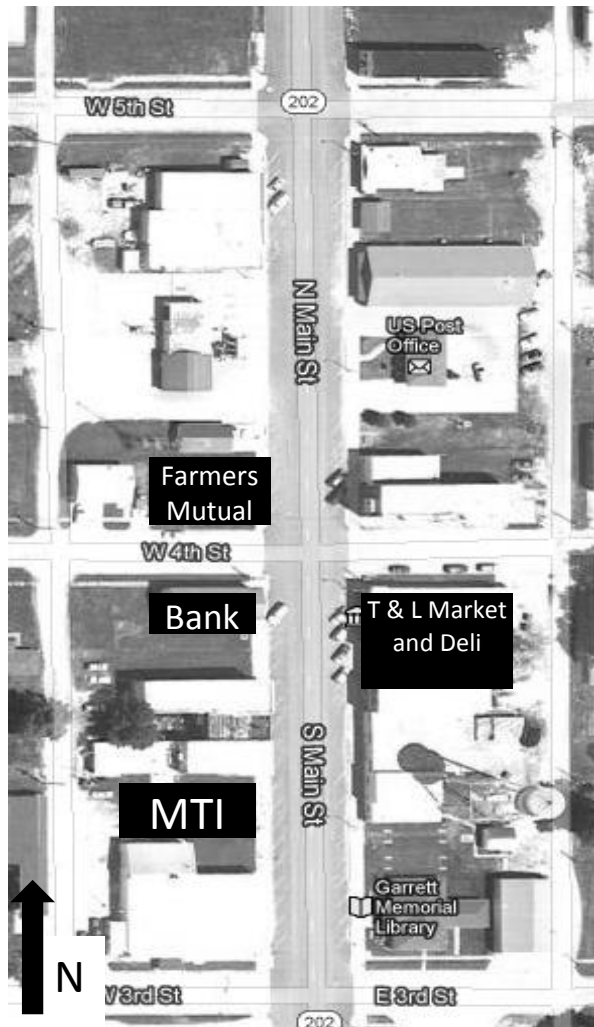
One resident describes a common sentiment in rural communities, "But basically, the school system for any small town, if it declines the town declines." While the school is currently exploring whole grade sharing opportunities the option is met with some skepticism and fierce commitment, "We really owe our kids and our school districts. It is important to do your homework and research other potential ideas."

The community continues to hold a 3-day fall celebration known as the Moulton Jamboree. The Jamboree started in 1923 when the community was growing and still had active rail service. The tradition continues today with pie eating contests, parades, bingo, talent shows, and other events. The Jamboree includes evening activities on a Thursday and Friday and activities all day on Saturday.

The town of Moulton is centered on the corner of Main Street and Fourth Street. Many of the local actors in this story are within one block of each other (see Figure 5.2), although just recently the local bank branch built a newer and more secure facility further north on Main Street, vacating their building across from the T and L Cafe. The local school, elementary through high school, is four blocks north and two blocks east on the northeastern corner of town.



The T & L Market and Deli, owned and operated by Todd and Linda Hanson, is currently the only location to buy groceries or a cooked meal in town. It is the social center of Moulton. Inside, one half is a convenience store and light grocery section of dry foods and canned goods and on the other side is Linda's restaurant, which offers grilled and fried foods. In an office in the back of the store Todd Hanson runs his insurance agency. Here at the T & L a group of regular coffee drinkers assemble to discuss town life, politics, and everything else. This group of regulars includes proprietor Todd Hanson, who has lived in the community for 20 years and has grandchildren in the schools; Ralph Newcomer a retired farmer in his upper 80s; Tony Seibert a former railroad conductor also now retired and in his 60s; and John Probasco a farmer, realtor, auctioneer, and the father of two children in high school. John stops by the T & L after doing his morning chores and before opening his real estate office in Centerville at eight.



Source: Image taken from Google Maps on 9/16/2012, author's annotations.

Figure 5.2: Downtown Moulton

### 5.2.3 The Moulton Economic Development Association forms among a group of friends

The Moulton Economic Development Association was born out of a series of conversations among these regular coffee drinkers. During the summer of 2009, the local telephone company had finished installing fiber optics throughout the 430 member service area. The Farmers Mutual Cooperative Telephone Company's board sought to install fiber optics as a way to retain customers. Fiber optics allows the company to offer cable television service and high speed Internet in addition to traditional telephone services. This upgrade was costly, and the company relied on a Rural Utility Services (RUS) loan and the Universal Service Administration Council fund, which provides support to high cost areas by partially reimbursing the company for the long distances between connections. The end result is that residents within the service area have the best Internet access in the county. John Probasco was a member of the

cooperative's board, and he and the others saw the potential of the town's new asset. At the same time, the men at the T & L talked about the school's recent state audit. To keep more kids in the school, the town needed more jobs to support working families. The men discussed how to leverage this new resource. Surely there was some business that could benefit from fiber optics and would want to be located in Moulton? The group nominated Todd Hanson to find out. Todd Hanson has no prior experience in economic development but he was proficient at using a computer and had more time and patience for the task than John Probasco.

The five initial participants were John Probasco, Todd Hanson, Ralph Newcomer, Tony Seibert, and Jill Seibert. Each of the five initial members contributed \$250 to the group to help pay for expenses. John Probasco also convinced his parents to contribute \$250 to the effort. One of the donors, Ralph Newcomer, is a lifelong resident except for time spent earning a degree at Iowa State and serving in the military. Ralph is considered the "elderly statesmen" by others in the group. He modestly described his decision to contribute to the cause saying, "Oh yea. I still joined in spite of knowing them." He seemed to trivialize his decision to contribute \$250 at first, "Oh I don't know, community and whatever. Every once in a while you do little odds and ends for the community to help them out, and the rural area around it. Not very big or very special but something comes up and you put your nickel's worth in." He has in fact fought for the community of Moulton for some time.

Ralph Newcomer first encouraged county wide school consolidation in the 1960s with neighboring Centerville until he realized that the central school district was carrying a heavy debt that would be passed on to the joining residents. He then joined with others and helped the Moulton school district hire a lawyer when the issue went to court, and Moulton prevailed. He was also a leader during the effort to create the current consolidated school district. He argued for a larger consolidation which would have given the district an enrollment of 1500 but it was a battle he lost.

Back about 20 years ago, several of us thought it would be good to join the three towns together like so many of them have done, LCM, they have all kinds of initials. We wanted to put Blakesburg up here and Moravia, north of Centerville, and we would have tripled the number of the kids and the [state] money. And of course in most small towns the most important thing is the basketball team, and there was no one who wanted to give up their basketball team and have a three letter name for a basketball team. So of course no one was for that, the school boards were, but now of course it is too late, the train has gone down the track. Blakesburg has joined elsewhere [...] Moravia is sitting pretty well because of the lake development. We started out and we all had about 500 students, and now we [Moulton-Udell] are down to under 300.

Newcomer was also a former Farmers Mutual Cooperative Telephone Company board member and he led the push for modernization of the telephone service from crank telephone to dial. This effort in the 1960s occurred earlier than in many surrounding communities. It was a controversial matter that split the board among progressives and those who were content with the current system, which draped the telephone line on tree branches in places to conserve on the cost of telephone poles. Remembering those arguments, Newcomer recounts, “Some of these old hillbillies would bring their guns, and we were not sure if they were loaded or not but we didn’t want to find out.”

Tony Seibert was another one of the original men at the T & L deli, a third generation Moulton resident and retired railroad conductor. The group prized him for his authoritative manner and presence. Common to the others in the group, he wanted to see Moulton survive. When the group was looking for start-up funding and initial officers for incorporation, Tony asked his daughter Jill if she too wanted to contribute and join. Jill Seibert graduated from Moulton-Udell High school and moved to Massachusetts after college for employment, however, Moulton would always be home. Jill started to look for an opportunity to come back; in the process she took a job in Hannibal, Missouri until a position opened in Centerville. When that position was transferred to Oskaloosa, Jill stayed in Moulton, choosing to commute 60 miles every day because she wanted her child to be able to attend the Moulton-Udell school. John Probasco describes her motivation and contributions to the group,

She is just trying to get back home; she decided that is where she wants to be. [...] She is more educated than any of us and so she can talk more intelligently than I can. We would run her in ahead of us sometimes when we needed her to talk to somebody.

#### 5.2.4 The group begins soliciting companies

Todd Hanson approached his task of finding companies knowing two important things. It would be highly unlikely to attract a large company to town, and while some would see Moulton’s size and location as a disadvantage, others would value the safety and neighborliness of Moulton as much as he did. He searched Google for rural based Internet/data intensive companies. Todd Hanson started to make phone calls to talk to people about the advantages in Moulton. One of those companies was Midwest Telecommunication Industries (MTI) based out of rural Mohall in northern North Dakota.

Recounting the process of finding MTI, Todd Hanson said,

Yea it was just pure luck. One of the ways, when I went on the Internet, is that I suspect that AT&T is not going to be interested in a town of 500 people. So I went with rural call services, Internet call companies. And it gave a list of them, and one of them was [MTI]. I went in and read about how they were in a town

of 800 people so I thought that we would have something, we would be able to communicate more and we would have a little better chance.

MTI, facing rising labor costs from new oil field developments in the area, was looking to expand. A regional economic development professional talking about the impetus of this project and the challenges of economic development and approaches in smaller areas said,

If we go back to what started this, Todd made that initial call. Who knows how many calls Todd has made? I look at the economic developers around the area, and I am not going to name any names because that is not helpful, but there are people that make \$80,000 - \$100,000 a year as a county economic developer who would be very reluctant to make one call like Todd made. Todd has gone back to the old school approach of a direct conversation and an invitation. I think that there is a lot of fear of rejection or fear that there is no value in taking those types of actions. If you look at economic development, particularly of the industrial scale, which is what I predominately work with, it is all handled by corporate site selectors. . . . They do their site selection around the world. There is a void in attracting the smaller and mid-size companies. The site selectors work with companies who are willing to pay \$1,000 an hour. Your companies with less than 500 employees who need to grow are not likely to pursue growth in that type of manner. Todd's method of looking for someone who is engaged in a business of any kind in a rural community who could potentially be interested in some sort of growth, that is actually not a bad plan for reaching out to them, saying, 'We have resources to offer'.

Back in Moulton, Todd Hanson shared the news and the group started planning in the fall of 2010. John Probasco was appointed president, although he and others say the group doesn't have any sort of formal hierarchy. The realtor, auctioneer, farmer, with over nine generations of history in Moulton, is described by his partners as a "pit bull" who assertively negotiates sales and auctions and deals throughout the county. MTI called John Probasco and started asking questions, and he became the new point of contact for the group. The group in Moulton began assembling resources and asking questions in an attempt to figure out how exactly to try to bring a company into their community. Tammy Wheeler, the General Manager of Farmers Mutual Cooperative Telephone Company, was brought into the group. Recently hired at the company in 2005, she had moved into Moulton from Northern Missouri. Wheeler's board supported the use of company resources throughout the process of recruiting the company.

The Moulton Economic Development Association was wary of high unemployment throughout the region and potential competition from surrounding areas for any new business. The group never held any public meetings to talk to the community about job creation or industries because they wanted to keep word of their efforts quiet until a business committed. They did attract another resident,

entrepreneur Larry Sheets who holds 15 patents and after retiring had recently moved into the area from the Chicago region. Sheets has several children in the local school district and has a vested interest in economic development and future health of Moulton. Sheets, a Republican, ran for House District 80 in the Iowa House of Representatives in November 2012 and won on a platform of school financing reform and conservative stances on business development, government regulations, and taxes. The group continued to work on understanding this process and the company privately, as Larry Sheets said,

There is a state senator named Mark Tobin, and we just asked him if there was anything that he could do. The interesting part that he could do was that his wife had previously worked at a call center. She came down at a meeting and helped us understand what it was that we were dealing with. So it really wasn't a political solution, but it was a consulting thing that he was providing.

The group also realized they needed to legitimize their informal organization as an official 501c3 non-profit and drew on local resources. John Probasco said, "We were a loose knit group. We didn't have our organization put together at that time so we had to scramble and get our by-laws. A local boy here who has Moulton ties, Rick Lynch, he did all of our legal work for us, pro-bono." Tammy Wheeler with Farmers Mutual Cooperative Telephone Company also has a CPA license and did all of the paperwork to obtain non-profit status for the organization. She files documents to the IRS and does general bookkeeping for the group for free.

#### 5.2.5 The group begins looking for money

MTI was interested and wanted to visit Moulton, prompting the group to search for more resources. The group had quickly used the internally sourced \$1,500 and other small contributions. John Probasco encouraged the group to ask Success Bank for backing. Success Bank is based out of Bloomfield, Iowa in neighboring Davis County. A Moulton native, John Garrett, bought controlling interest of the bank, formerly called Davis County Savings Bank, in 1957. The original bank had been chartered in 1900 and in 1936 opened the office in Moulton. Garrett was a community minded man who had worked as the town's postmaster and taught school at Moulton. In 1969, he donated the funds to build the Garrett Memorial Library in Moulton. His daughter Nancy Logan and her son Neal Logan operate the family's banks today and continue the same interest in investing in the local community.

Nancy Logan also owns a business and buildings on the square in Centerville, a town she called home for 10 years in the 1990s. She has been a member of numerous organizations in Centerville, Bloomfield, and Moulton, and served on the Indian Hills Community College board for 10 years representing Davis and Van Buren Counties in the 1970s. Her approach to civic engagement and

community building is simple; she wants to see the communities thrive and believes everyone should do what they can. This simple approach is mirrored in accounts of her father who built the library in Moulton, “because it didn’t have one and he thought it should.” Nancy has contributed to many different community efforts over the years and is well known

John Probasco attended high school with Nancy Logan’s sons and was also friends with the current vice president of the bank, Darin Westhoff. The three men have remained in touch and have long working relationships in both counties. Based on their personal and professional histories, John Probasco was confident the bank would be interested.

This is where I bank at, and I also know that they care about their communities. So I told everybody that we need to go to Success Bank and get those guys on board. Of course we had some naysayers and they said, ‘Oh they won’t help us.’ and I said, ‘The hell they won’t’. I said, ‘They will help us if they can, they will help us any way they will help us.’ [...] They had just built a new bank in Moulton at the same time, and that bank has grown so much that they just are in the process of adding on to that bank right now in Moulton. So when I brought the group over and asked for the traveling money to go chase this business down, within 3 minutes, they said yes. If you guys believe in it, we are going to support you; here is the money go chase it down.

The group hosted a delegation of representatives from Mohall, North Dakota on February 14, 2011. Tammy Wheeler and Farmers Mutual Cooperative Telephone Company donated the funding to put the guests up at the Honey Creek Resort on Lake Rathbun. Principal Randy Alger became involved and provided a tour of the Moulton school. It was a chance for the economic development group to answer MTI’s questions. MTI was started by a husband and wife and a friend who lived in Mohall, a town of 800, and saw call center work as a viable strategy in rural economic development. The company sought to position itself as a source of income for a second earner in a household, originally in farming households of North Dakota. The company offered low wages but attractive benefits. At the time the company had 10 locations, nine in North Dakota and one in Canada. MTI owners stressed that in an industry with high worker turn-over, one of their advantages was to be able to more highly train a loyal and dedicated workforce in rural communities. The visit was deemed successful by both sides and the CEO of the company remarked that he could get off the plane, walk around Moulton and feel like he had never left home.

#### 5.2.6 Choosing partners

The only point of tension during MTI’s visit occurred when the Moulton group brought the company over to the local rural electric cooperative based in the neighboring county seat of Bloomfield.

John Probasco had set up the meeting because as a former board member he knew the agency had provided funding for economic development projects in the past. During the meeting, the rural electric cooperative offered MTI a building in another location in their district outside of Moulton. Members of the group, talked about their struggle to learn how to find resources and draw a company into town. The group expressed open wariness about talking to other formal organizations. The Moulton group members are also aware that in a small rural town it is impossible not to reach out to others. John Probasco, who had initiated the meeting based on a perceived sense of trust from former colleagues, remembers, "First thing they said is, 'We need that here, well we would really like to have that over here.' So I knew that we probably ought to forget those guys."

A common sentiment in the group was, "Well we didn't start all of this to benefit Bloomfield. Well indirectly, we benefit Bloomfield and Centerville but we needed something in Moulton." The group had deliberately stayed away from Centerville because they knew that the town was still searching for ways to recover from the loss of Rubbermaid, a major employer, in 2006. The group is also cognizant that they are the smaller community and often not the focus of other's time and efforts. One member said, "I might say the most frustrating part of the Appanoose Economic Development organization is that they tend to concentrate on the Lake Rathbun area and Centerville. So it's like the outlying areas kind of get a little forgotten is the way we feel." As John Probasco remarks, "You have to find out who you can work for and who you can't and being a farmer, and then a real estate broker, and then getting into economic development, I learned right quick you have gotta find out who you can work with, trust, and who will help you and see the big picture, and you learn that right quick."

Eager to capitalize on what seemed like a promising relationship, the Moulton group decided to visit Mohall. Tammy Wheeler and others stressed the importance of making the trip to visit MTI, "You know they visited here and liked us and everything, but I think they saw the dedication and commitment of our economic development group by going to North Dakota. A thirteen-hour trip is a big deal, so I think that that was crucial to sealing the deal in a sense. They saw that we were able, and willing to commit time and effort into this project." Of course to make the trip, the group also needed to find more resources. Todd Hanson described the process, "We were asking favors and scratching everybody's back so we could get there." Success Bank donated \$2,500 to the group and a local transplanted resident Larry Sheets joined the group, offering the use of his van to make the 13 hour trip less than a month after MTI visited. Sheets recounting the visit said, "So we just kind of hit it off. We are the same kind of people just kind of displaced in geography. So we agreed to a number of things. We got the process going in terms of what size of building and what the characteristics of the building would be

if they were to come down here.” MTI was convinced. At a time when it was looking to expand and was constrained by rising labor costs, Moulton, Iowa was a promising location. The company asked if they could have a building ready by April. John Probasco and the others went back with a lot of work to do. The town didn’t have any existing building that would fulfill the group’s needs, but they were determined to find a way to make room for MTI.

The current mayor of Moulton, Scott Snider, was elected in November 2011 after the group had already had several conversations with MTI. Snider grew up in Northern Missouri and had just recently moved into the Moulton area, as he had been looking for affordable farmland close to his job in Centerville. Snider is a regional economic developer for the local electrical utility, Alliant Energy. Shortly after he arrived, local residents came to his door one day with a signed petition asking him to run for mayor, and so he did and won. While eating at the T & L deli one day, John Probasco and Todd Hanson waved him over for a conversation, and he became an informal member of the Moulton Economic Development Association. Over the course of the spring and summer Snider served as a periodic sounding board for the group. Snider made two important contributions, convincing the group to build MTI a building for lease and setting a leasing price and encouraging the group to go talk to the county economic development boards in Centerville.

Originally the Moulton group thought they would pursue a revolving loan program financed by the United States Department of Agriculture. Only official 501c3 organizations can apply, and the money needed to be secured before the start of the project. When it became clear that the funds wouldn’t be available in time, the group went back to the drawing board and looked internally for a solution. The first money towards the project came as a gift from Nancy Logan, \$75,000 to get the group going. The mayor and the city of Moulton were supportive, but had no extra funds to contribute to the cause. Nor did Moulton have any large industries or other business groups to consult or ask for in-kind contributions, besides the Farmers Mutual Cooperative Telephone Company.

Feeling confident now that MTI was committed to Moulton, the group still needed assistance from other agencies. John Probasco and Tony Seibert made the first public announcement of the company at a question and answer session with a local state senator in Centerville. Still wary that Centerville might compete for MTI, but in need of more funding, the first formal meeting happened in June of 2011 when Tod Faris, the Appanoose County Economic Developer, attended a meeting with the group and the Appanoose Industrial Corporation. Afterwards, the group sat down with the Appanoose County Board of Supervisors who donated \$25,000 in July 2011 to the group under the condition that



the private corporation Appanoose Industrial Corporation would match it, which they did. As County Board of Supervisors Chairman Dean Kaster remarked,

We have 10 other communities in the county other than the county seat. We have the attitude in here that the small community outside of the county seat is just as important as the county seat or just as important as the unincorporated area when it comes to job creation. Everybody is on an equal basis as far as we are concerned. Well when this opportunity came up, well why the folks from Moulton paid us a visit and they were basically saying that for this to be successful that the county government needed to show some support. It didn't take us long to decide that that is what we needed to do, and there again we got those funds from the local option sales tax and so that all fit. It all fit together. Had we have had to get that out of our general funds, in this particular case we probably would have found the money somewhere and then maybe not funded something else because job creation is so important here in the county whether it is in Moulton or Moravia or Centerville it is still important to the overall livelihood of the county.

When the group needed funds to purchase the land in Moulton for the facility, the Appanoose County Community Fund provided the necessary \$9,600. Both Tod Faris and John Probasco serve on the board of directors for the Appanoose County Community Fund. This group has provided several small grants of \$2,500 or less to the Moulton Economic Development Association over several years. Faris acknowledged a perceived reticence from the Moulton group, "They thought we were going to steal their company and try to get it to Centerville, but I work for the people in Moulton too." Since the initial meeting, Faris has spoken with MTI about potential clients and worked to manage the project's spin in the statewide paper, the Des Moines Register.

After successfully sourcing enough money, Todd Hanson acknowledged the importance of Nancy Logan's initial contribution, "Nancy's \$75,000 was the key to get everything going to get everything to fall into place." Probasco noted that economic development is not always a win-win situation, but it is critical to have people recognize that and still make investments. He called Nancy's gift a loss leader, doubting that MTI alone would grow enough to generate that magnitude of new profit for the bank. He hoped, however, that one day she would see the returns to her investment in the community as the Moulton Economic Development Association built on MTI's future success and created more jobs.

While the group had been sourcing money they had also been designing a building. The initial building estimate was \$309,000 a sum that was unacceptable. John Probasco took the budget to task and worked with the builders to lower the estimate to \$150,000. After all of the agencies had made their contributions, the remaining \$67,500 was secured as a loan by the original group of five people

from Success Bank. The city of Moulton rewrote city ordinances to extend a tax exemption on the property from 2 years to 5 years, a move strongly supported by Mayor Scott Snider. The Moulton Economic Development Association officially broke ground on the new building on August 10, 2011. The same day, the group formally received their 501c3 status, which will allow them to pursue other public funding sources for future projects. It took less than a year to bring MTI into the community. Members of the Moulton group attributed this brisk pace to their ability to find local funding sources. The Moulton group also felt the pressure of being unable to match MTI's expectation to start operations in the spring. John Probasco talked about how waiting for the 501c3 status and federal funding approval would have created a delay of 6 months or more, and might have ended the negotiation process.

The group is proud of their efforts to work together and to use local partners to find a way to bring new jobs into the community. At several points various members had to reach out through their existing networks to find a way to make things happen. To lower the building costs, the group took on some of the site preparation work and landscaping themselves, but they couldn't do the work alone. Todd Hanson recalls,

I think it was around the 1st day in August, we found out that we were going to get the money. We asked for volunteers and we had a contractor that had two bulldozers and we had a contractor from Summerville who loaned us his sheep foot roller. We actually had guys that volunteered their dump trucks and we went out here on the old railroad bed and from one guy's farm we dug the clay. The town sits just like a pancake, so you had to raise the building to get the drainage. And so they started at 6 am and they brought in 70 loads of dirt and packed it down. They did that from 6 am to dark; we did about 80 hours of work. We would have guys come into the coffee shop, a guy who was a retired contractor [and] ran a dozer. He got on that dozer and ran it all day for 8 hours. There is a photo that I could get that shows us all sitting in front of the bulldozer. Yea they did all that, I think in one day.

Later, when the building was ready for MTI to move in, the group needed to find a way to get the office furniture into the building from another state. As an insurance salesman, Hanson knows a lot of truck drivers, and so he made phone calls until he found a guy who would be returning through Moulton unloaded. Todd Hanson went with the guy and loaded the furniture. When it was time to unload, he called the local high school and asked for student volunteers to unload and set up the furniture.

#### 5.2.7 Opens an Iowa Division of the Company in Moulton

MTI and Moulton Economic Development Association members spoke, and over 200 residents attended the groundbreaking event. MTI began accepting applications in November of 2011, and the

company began operating on Jan 4, 2012 with eight employees. MTI has named their Moulton location MTI – Iowa. If work goes well, MTI will use Moulton as a headquarters for an Iowa division that would spread to additional locations. As of June 2012 the company has 20 employees and continues to slowly expand at a deliberate pace to ensure maximum worker training. The manager of the location reported that despite some initial bumps, the business is running better than expected and plans to keep growing. MTI has a three year lease on the building in Moulton and the group has five years to repay their mortgage.

Now that MTI is in operation, the members of the group can reflect on the experience while they continue to work on developing new leads in the community. Aware that no company is a permanent solution to economic development, Scott Snider had also counseled the group to build the most versatile speculative building they could. Moulton has several agricultural interests, and he advised the group to raise the building's sidewalls to accommodate equipment and other storage needs should MTI decide to vacate. Higher costs prohibited the group from increasing the adaptability of the building. Everyone in the group is also aware that many look down on the idea of bringing a minimum wage company to the community. An avid reader, Ralph Newcomer's attitude demonstrates the Moulton group's enthusiasm and desire for economic development. Newcomer said a modern economic development strategy couldn't be focused on attracting a large industrial base or manufacturing company. He spoke about the potential the region has because of the access to high speed Internet,

This MTI is fine, but it is still a low wage deal. If I was 20 to 30 years younger I would be pushing. You could turn this place into a miniature Silicon Valley if you went at it properly. Of course the ideal place for it in the state would be the Ames, Ankeny, Iowa City corridor. That would be the key place to turn it into a high tech corridor or Silicon Valley or North Carolina or something; of course you have the two universities at either end of it.

Tod Faris, the county economic development director, hired a writer to put a piece in the local paper about the new company after it opened. Interest in the story was also picked up by a reporter for the Des Moines Register. While talking to the Des Moines Register reporter, Faris had clear goals for the interview, "focus on the positives of the company and leave out any mention of wages or income because readers in the Des Moines area simply don't understand life in Southern rural Iowa". Faris said, "I spent a lot of time with the gal on the phone and I was really adamant. She really wanted to put in the wages; I really didn't want her too." Faris explained that the Des Moines Register's largest readership base comes from a 60 mile ring around the state's capital; these areas have higher wages and more economic opportunities. Publishing the MTI's average wage would trivialize the region's

success in the eyes of people who did not understand Appanoose's economy. Faris recounted how he finally convinced the reporter saying,

We are in a small town, so there is a certain person that would love to have a second income in the family, make \$9-\$10/hour, get full benefits and not have to look at their neighbors [while making retail and food service transactions]. Instead they could be trained to answer and visit with people on the phone. . . . It could be a farmer's wife or an entrepreneur's husband. All kinds of folks would be glad to have some benefits in the family.

Going further to explain how the MTI jobs fit into the local labor market Faris explained,

I am explaining to her that [MTI is] going to pick up a number of people who maybe are not working right now because they didn't want to work in the convenience store. Let's say they maybe don't have a skill so they can't go work in a skilled labor situation but THIS works for them. And THIS is even going to raise our average county wage. . . . We are excited that our county wage has gone up and now it is at \$13.05 an hour and that puts us 92nd in the state. We are not last [in wage rate], but we are last in household income.

Members of the Moulton Economic Development Association continue to work on new opportunities to bring businesses and jobs to the community. Thinking about the group's process to bring MTI to the community, Todd Hanson remarks, "We have some meetings but they are not, like I said, all that formal. When we were doing this stuff, we were kind of green on how to do this. So we have probably learned a little bit about how to go about doing the building and getting plans." The group's informality is Tammy Wheeler's one complaint,

I try to kind of know what they're doing, and one of things I get after them for is having more regular meetings. Rather than at the coffee shop, [I tell them] you need to come over and use my board room and have a more formal meeting rather than coffee shop talk. So we just need to, but that's the nice thing about small town, is that you just have impromptu meeting.

#### 5.2.8 The future of the organization

Fresh off the success of one company, the group continues to move forward. Action is concentrated among the same people, an intentional philosophy expressed by Probasco, "I am staying with the people that I can trust. Because these other people, economic development is so competitive right now because everybody is looking for people, everybody." In the summer of 2012 the group was preparing for another site visit and this time will take Darin Westhoff from Success Bank and Scott Snider with them. For Snider, as the mayor of the town and a concerned citizen, being able to go on the visit is an important way that he can continue to contribute. Working for Alliant Energy, Snider and another employee is tasked with developing companies or attracting large companies that will increase

demands for electricity as well as bring other benefits to businesses and communities to Iowa in Alliant's service area.

The city isn't putting any money into it, we just don't have the budget to put anything into it, but individually I will be traveling out on a recruitment call with the economic development group. You know, that is one of those deals, I am going to take vacation from this job to go work on that. Because while I work on economic development with Alliant Energy that is not really my directive, or my area, we are talking about very small companies, Snider said.

Reiterating the informality, constraints, and organizational structure of the group Snider says of his current involvement in future efforts,

They keep me pretty active in the conversations. So much of what we do is not a scheduled meeting . [...] We are all people who work other jobs. This economic development thing is a volunteer thing, and it becomes more of a passion thing. [...] I couldn't be happier to see what they have done with MTI, and as far as some of the other things that they are pursuing, I will go as far as I can to help them. Three jobs at a time, if that is the way we have to do it, that is the way we will do it.

Later, he returned to the subject of economic development and local action in small towns saying,

It takes local passionate volunteers. Because there is no money to pay them, and you have got to have passion because you are going to have a lot of people telling you, 'It is not going to happen. It can't happen. We don't have the money to make it happen. And who wants to come to Moulton, Iowa?' Be proud of your town; let's tell them to come here instead of saying who wants to come, because I have heard that before. Because we are not likely to land a data center, or a corporate insurance office. It is just not feasible. But there are people who enjoy the rural lifestyle, appreciate what a rural school has to offer.

Todd Hanson spoke frankly about the future of the organization and the extra challenges he felt from the financial and socioeconomic constraints of being in Moulton. While he acknowledged that the public had supported MTI at the groundbreaking and many people had personally thanked the men for bringing a company to town, Moulton has limited internal financial resources to spare for this effort.

One of the things we do, that is harder to do in this small of a community, is fund economic development. Before we went around and got people to donate \$100 here and there. Once you see success then people think that there is no need to keep funding. Where you have a manufacturing base that exists, like in Centerville, some of those factories over there will give \$10,000 or \$20,000 from Iowa Trust and Savings Bank. The more you have to draw on the easier it is to get away, actually the same fact that Tod [Faris] is able to do that as a full time job.

The group really runs off of the strength of its core members, a point Snider is quick to point out, “I will say this, MTI wouldn’t have happened if it wasn’t for the passion of Todd and the ridiculous persistence of John Probasco. He is a not-give-up kind of guy. He won’t quit asking, or he will go ask someone else until he gets the answer that he wants. I think that comes from being a real estate guy, and he is just really good with that.”

Probasco and Snider expressed similar views on their motivation to help the community. Both men have a similar background of growing up on the farm under trying circumstances, and now both find themselves in positions with certain resources. Snider says,

Once I stepped my toe into in then it was like, well I would like to assist people to have a better lifestyle, not only for my selfish reasons of I want to see my town look nice, and I want to maintain my property values. Those are important reasons, but now once I have stepped into it I have met some really good people, some people that probably deserve some more opportunities. I have been of the mindset all my life, raised this way, that you make your own opportunities. But not everyone had the benefit of being raised with that mindset. So let’s help them open some doors. I think you have a few people, when it comes back to our local ED group, I think you have some people on there with that same attitude. ‘Let’s open some doors, let’s give some people opportunity to succeed. We are not going to give them success, but we are going to give them opportunity. When you look at the southern three tiers of Iowa, and then you look at the Northern 3 tiers of Missouri, there is just not much for employment.

Similarly, Probasco talking about the effect of the recession and the current agricultural affluence says, “It is tough. It is still rural Southern Iowa. If we can bring a business into this town, and provide jobs, that is our moral obligation to do that. If we are in the position to help, I guess we should be doing what we can. Not saying that I am high and mighty, I would still like to sell some more houses and farms too.”

As they wait to hear back from other companies, members of the Moulton Economic Development continue their work and their lives in Moulton, a place many of them feel passionate about. “Moulton, you almost know everybody in town and the kids can still ride their bikes and raise cane and it is still small town Iowa. There is no better thing than small town Iowa.”

### **5.3 Decatur County Considers Changes to the Municipal Hospital**

The Decatur County Memorial Hospital, the county-owned hospital has been located in the county seat of Leon since the hospital opened in 1931. The hospital constructed a new building in 1971, but by 2005 the building had become outdated. The elected hospital board first began working on an alternative plan in 2005; this initial effort led to a fierce protest against relocating the hospital. The

public response reignited animosity between the county's two largest towns. Seven years later, after several personnel changes and a more strategic public outreach effort, a new hospital was built. The hospital held its open house on December 6, 2012 directly adjacent to the 1971 structure.

### 5.3.1 Town Histories

Within the county there are two similarly sized communities, which are the focus of this case study. These two communities have unique identities and trace many of their differences to their settlement histories as described below. The county seat of Leon has a population of 1,977 and the county hospital is the largest employer. The largest community is Lamoni with a population of 2,324; Lamoni is home to Graceland University, its largest employer. Together these two communities represent just over half of the county's population; there are another 8 small incorporated communities. The next largest community, Davis City, had a population of 275 in 2000. Leon is in the central part of the county and Lamoni in the southern portion of the county, approximately 16 miles distant and connected by both Highway 69 and Interstate 35 (see Figure 5.3).



Figure 5.3: Decatur County towns and major road networks

#### 5.3.1.1 Leon

Leon is older than Lamoni and was settled primarily by the westward migration of Kentucky and Tennessee residents, people who had been in the United States for a generation or two but were looking for more opportunities on the frontier. Southern Iowa and Northern Missouri share this heritage

in contrast to Northern and Central Iowa, which received many immigrants directly from Europe. Using ancestry data from the census, counties in southern Iowa have a majority of English ancestry as opposed to the predominant German settlement in the rest of the state. Several interviewees from the county with ties in agriculture and in Leon can point to a five or six generational history in Decatur County, a claim that cannot be made by Lamoni natives.

The early development of Leon resembles a typical community settled on the open frontier. The town slowly grew and lobbied for railroad access, and once gained, growth accelerated as it became easier to draw more settlers. Pioneers founded the community in 1838 and opened the first school in 1854 at a time when there were four stores and about 40 residences. The first newspaper, a weekly *The Leon Pioneer*, was published in 1855. The community was incorporated in 1858 and had a population of 600 in the 1860 census (Howell and Smith, 1915, pp. 111). By 1871, the year the railroad first reached the town, the population was 800. By 1880 it had a population of 1,367, roughly two thirds of its current population.

#### 5.3.1.2 Lamoni

Lamoni's settlement and the founding of Graceland University are tied to the religious history of Mormonism. The Mormon denomination originated from the preaching's of Joseph Smith II in a small town amid the Finger Lakes region in upstate New York. Followers gathered around Joseph who in 1830 proclaimed Independence, Missouri to be the "Center Place" of Zion where the adherents would build and maintain a perfect community. During the 1837-1838 Depression Joseph and his followers traveled to Missouri to form a new community, Far West, Missouri. The Far West town grew to 5,000 with as many as 7,000 additional believers settling the surrounding farmland. During this growth, tensions built among non-Mormons in the state, and in 1838 the Governor of Missouri issued an executive order that allowed the Missouri militia to use violence and force to exterminate or drive all Mormons from the state (Missouri Governor Executive Order 44) as part of the Mormon Wars of 1838 in Missouri.

Forced to flee, the group next established a colony in Nauvoo, Illinois. The church bought an existing town called Commerce City and grew, establishing a city charter that allowed broad powers. The city developed a militia, established a college, and became politically active. The relatively new faith quickly gained followers with many people emigrating from Britain to join Joseph in Nauvoo. The church body grew in size to approximately 11,000 in Nauvoo and several thousand more in the surrounding area. From 1830-1844 it is thought that 35,000 people joined the church (Arrington and Bitton, 1992, pp. 22). In 1844, Joseph Smith II and his brother died at the hands of non-Mormon rioters. Afterwards,



the church body was in a state of disorganization, and several leaders stepped forward claiming to be the next prophet. Brigham Young was one of these men. He led a large group of followers westward to Utah. This group retains the original title of Latter Day Saints and Mormons and remains the largest group of followers who trace their religious history to Joseph Smith II. Young's ascension as prophet and his choice to add polygamy and other religious practices were not accepted by some members. Rather than follow Brigham Young, some of the Mormon adherents disbanded in small groups across the Midwest. These people waited for a new prophet, believed by many to be Joseph Smith's son, Joseph Smith III, who was 11 at the time of his father's death. Joseph Smith II's wife chose to remain in Nauvoo with her small children and eventually moved to Plano, Illinois.

In the 1850s, remnant factions who chose not to follow Young began the Reorganized Latter Day Saints movement. Joseph Smith III did indeed become President of this organization in 1860. Joseph Smith III continued to live in Plano and began preaching and gathering followers. One part of the Reorganized Latter Day Saints, a group of men known as the Order of Enoch purchased 3,200 acres in southern Decatur County Iowa in 1870. Twenty-nine years after Decatur County was officially organized, these men platted Lamoni for settlement in 1879. Lamoni is 46 road miles north of Adam-ondi-Ahman, a religious site which is believed to be the Garden of Eden or the place of all creation by Mormons, and just five miles from the Missouri border.

In the Mormon faith, an important concept of "gathering" has influenced the development of the Lamoni community. The gathering concept is a sense among adherents to select cities as gathering places. Mormons tradition of gathering and their ability to concentrate large numbers of adherents into single communities in Missouri and later Nauvoo, Illinois led to early trouble for the groups as outsiders feared their distinct presence. Joseph Smith III was at first hesitant to suggest congregating Reorganized Latter Day Saints members into a single community. He did join the colony in Lamoni in 1881; at which time Lamoni became the church's headquarters and the most desirable city for adherents to live.

Many of the scattered faithful moved to Lamoni beginning in the 1880s to be closer to Smith. Since the church had splintered, Lamoni never saw the number of adherents that had gathered previously. The initial center of Lamoni was platted, lots were drawn, and homes were built by church elders specifically for families who wished to relocate. Lamoni was the home place of the Herald newspapers which were sent to church subscribers in many states, and it is where the church built the only college funded and owned by the church, Graceland University, built from 1895 to 1897.

It wasn't long after in 1905, feeling that anti-Mormon sentiments had cooled in Missouri, Joseph Smith III relocated to Independence, Missouri to again attempt to build Zion, taking the headquarters of

the church with him. Lamoni then went from being the headquarters to one of the “stake” communities among the faithful. The church maintains several other “stake” communities throughout the world. As the Reorganized Latter Day Saints has evolved the group has adopted increasing distinctions from the Latter Day Saints and changed their name to the Community of Christ Church in 2002 to avoid confusion with Young’s followers in Utah.

Furthermore, the Community of Christ Church has renamed “stakes” to “mission centers” to further distance themselves from Mormons. Today, Lamoni is the mission center for all Community of Christ churches in Iowa and for two churches in northern Missouri, meaning that it serves as an administrative center for a number of church bodies. As the church continues to establish congregations throughout the world the concept of Zion has evolved from building one perfect community to working to improve one’s current community. The church’s website says the following, “The ‘cause of Zion’ expresses our commitment to pursuing God’s kingdom through the establishment of Christ-centered communities in families, congregations, neighborhoods, cities, and throughout the world (Blair, 2000).”

Amid these changes, there are still families who prefer to live in communities that offer larger churches and church fellowship and so the concept of gathering continues to affect the Lamoni community today. Several interviewees who are prominent in the community and active in various social and economic development positions and projects have returned to Lamoni in retirement or earlier after having attended Graceland University. All of the people I interviewed who had purposely moved their families to live in Lamoni are or were Community of Christ adherents.

Despite what can appear to be a distinct separation between Lamoni and Leon, some of the actual differences between these two towns have become diluted over time, while others have not. Some residents are aware that in Lamoni there is a segment of the population that is not tied to Graceland University. Over time, Graceland, which was founded by the Reorganized Latter Day Saints intentionally as a non-religious institution of higher learning (Howell and Smith, 1915), has increasingly recruited students who are not adherents of the Community of Christ Church. Residents explained that there is a strong belief in volunteering and community service. The Methodist and Community of Christ Church leaders have enjoyed a historically good relationship. The Methodist church houses the Food Pantry which is run by a Community of Christ church member. One point of early collaboration between the two groups was Prohibition. Today, drinking is still discouraged among older members of the Community of Christ Church.

### 5.3.2 Decatur County Memorial Hospital History

In 2005, the community was faced with a county wide conversation about the future fate of the county hospital. The hospital, last rebuilt in 1971, was now energy inefficient and no longer met building standards or the hospital's needs. The hospital's heating and cooling ducts had been built inside the structure following an innovation in current building standards. This design is now against health and safety regulations because it contributes to the formation of condensation and mold. The hospital also had too much space dedicated to patient rooms. The hospital's principal form of operation had dramatically changed; formerly a primarily in-patient business, the hospital's daily patient census now averages 5.38 patients per day. Seventy percent of the hospital's business comes from out-patient services and studies have found that patients receiving dialysis and other reoccurring treatments do better in a communal environment than when isolated in private rooms.

The hospital adopted a critical access designation, which allows up to 25 beds and involves a different set of regulations. The new facility will only have 11 beds immediately available, twice the current daily census. Other areas of the hospital are tailored to provide a better patient experience without the solitude of a traditional hospital room with a bed. The preponderance of the hospital's 12 million dollar business comes from lab work, x-ray, outpatient surgery, physical therapy, and cardiac rehab among other outpatient services.

### 5.3.3 Previous effort to rebuild the County Hospital and move it to another location

Prior to 2005, The Decatur County Memorial Hospital had gone through a series of short termed hospital administrators who kept leaving their positions. In 2005, a newly selected hospital administrator remarked immediately that the hospital needed to rebuild and furthermore should consider relocating to stay in business. Bill Morain, a retired surgeon and board member, was asked to chair a site selection committee. He and other hospital board members and the administrator at the time investigated a recent regional trend of building new hospitals along the interstate. Several benefits were said to occur at on-highway locations: easier access for traveling doctors to visit and offer specialty services, increasing the number of customers by improving access, and reducing time for EMT services to travel throughout the county to the hospital. Board members and the administrator traveled to two of these locations in Missouri, a larger town and a smaller community, and spoke with the respective administrators. The experience of the smaller community was especially noteworthy. Previously the facility was struggling to stay in business. After relocating and improving accessibility, the facility found itself growing and successful. Overall the group was impressed. Board members did additional research

and found studies that the hospital could expect growth from moving to a more accessible location. The hospital administrator, who lived in Leon, believed strongly that the Interstate was the best location for the hospital and led the push. Two board members from Lamoni were also convinced that moving the hospital to the Interstate was the best business decision. The interstate location also seemed like a compromise for the two similarly sized communities, and was much closer to the geographic center of the county's population.

Bill Morain was also the Board President of the Decatur County Development Corporation, the county's public economic development agency. Although it was never announced to the public at the time, he and other members of the Decatur County Development Corporation were working to find businesses that would build around the new hospital, creating a presence of new economic activity that would capture additional revenue from Interstate travelers. Currently, the county makes little use of its two Interstate exits. The one closest to Leon has two gas stations, one of which has now closed. The other station sits on top of a hill and is the only visible building to an approaching motorist. The Lamoni exit is more commercialized with a Southern Iowa Amish welcome center owned and operated by Graceland University, two motels, two gas stations, and a restaurant. The exit still struggles, however. The Lamoni Economic Development Corporation has tried and failed to attract a chain restaurant, one of the restaurants is frequently closed, and one of the motels is outdated.

#### 5.3.4 The Local Hospital Board: A volunteer position of leadership in the county

The hospital board consists of six elected representatives from across the county; there are no requirements for a candidate except to be publicly elected. Board members serve six year terms and can run for re-election and serve as many terms as they desire. Gwen Simpson, from Lamoni, is currently the longest serving board member from 2000 to 2012. Gwen Simpson and Leon Kessel were, until recent elections reinstated some of the former board members, the only two board members who remained on the board during the first and second effort to build a new hospital.

Reflecting on the first time the hospital tried to build a new facility, residents remember that the decision was made with little prior citizen outreach or education. The hospital board had worked internally for several months, doing research and planning, but not much of this information was made public. The board holds regularly scheduled meetings and posts notices about the upcoming agenda in the county's two newspapers. The meetings consistently have low turnout rates. In the summer of 2005, the board announced that it was considering building a new hospital outside of town. At the next meeting, the room was filled with outraged Leon residents. These residents saw the issue of moving the

hospital as a direct threat to their community. The hospital is more commonly referred to as the Leon Hospital than the Decatur County Hospital among county residents. When I asked people in the county about their local resources, Leon residents rarely failed to mention the hospital while Lamoni residents seldom did. In fact many Lamoni residents say that they find the hospital inconvenient to access and in the case of a real emergency, once on Interstate 35 they would rather drive the 45 minutes to Des Moines than spend 15 minutes on the interstate and then another 10 minutes on a two lane rural highway driving to Leon to access their county hospital. For Leon, moving the hospital six miles to the Interstate would mean fewer people in town buying gas, eating lunch, and driving around and the loss of yet another major employer. The hospital is now the largest employer in Leon since the departure of two manufacturing industries in the previous decade. Yet the decision to move the hospital was not open to the public. It would be decided by the elected hospital board.

Sensing that the issue of relocating would be unpopular, the board started to try to communicate with the public that summer, but their process became overwhelmed by citizen input. Residents felt the board had already reached a decision and had failed to consult the public. Board meetings were filled with observers who during the public comment period would verbally rail the board about the poor decision and the negative impacts that would come to the community. The board at the time was evenly split between Leon and Lamoni residents. Bill Morain was one of the board members who lived in Lamoni. He is an outspoken and conscientious detail oriented person who has been chosen by multiple groups to act as a leader. The hospital board had selected Morain to chair the site selection committee. Morain believed relocating was in the hospital's best interest; the current market in a small population county was limited and potentially in decline as the county's population continued to decline. The hospital had already given up obstetrics services once the number of births in the hospital fell to under 35 a year. Morain was an ardent Lamoni supporter and an engaged citizen who had helped Lamoni build a new high school. He was also a transplanted resident who had returned to where he had graduated college, Graceland University, in his retirement. Unafraid to voice his opinion, Bill Morain quickly became a target for public animosity. He recalls being chased out to the Leon city limits by a tailgating car after one heated meeting and later found a rock that had smashed through an upper story window of his home in the center of Lamoni; the source of the rock was never discovered. Morain was not the only board member to face peer violence over the issue; another board member was threatened at work by co-workers to change his position on the issue. Yet another member, having studied the materials Morain and the other relocation committee members had assembled, also believed that

relocation offered the hospital a better future business but said that they couldn't vote against the wishes of the Leon public.

Morain recounts his naivety in community issues and public relations when he recounts one of the two public meetings the hospital board held at the time.

It was held in Decatur City and there were probably 60-70 people from Leon and 4 for Lamoni. For me it was an eye opener because I had never really seen that side of Leon before. We would be trying to hold a meeting and we just were constantly interrupted because the place was full. You could hear people shout, "Lamoni is just trying to take our hospital." It was awful. Lamoni didn't want to try to take the hospital, but they used the old rubric about the hatred of Lamoni to kill the thing and they used that as their method to fight the battle.

Morain, unlike other residents who returned to live in Lamoni after attending Graceland University, had some history and a broader breadth in the county. His mother had grown up in Lamoni, cousins still reside in the area, and 37 family members are buried in the Lamoni cemetery. To the folks at Leon, however, these connections and his status as Graceland alum were condemning. The issue which started as economic development devolved into a familiar cultural battle of us versus them, and one not uncommon in the county's history.

Before joining the hospital board, Bill Morain had become a member of the Leon Rotary Club, with the initial intent of gaining help from the Leon group to form a separate club in Lamoni as a place to provide a common ground between native community members and residents primarily affiliated with the college. He quickly dropped those plans because he enjoyed being a member of the Leon club so much. The club felt familiar to him like his native Iowa hometown, not better or worse than Lamoni, but different. Connections with fellow Rotary members gave Morain some sense of community during the hostile issue.

When the hospital situation arose it was a very valuable connection for me to have a base in Leon as well. When the whole hospital thing went south - as far as I was concerned - I was able, in my regular rotation, to explain to them, I said, "I think you are the only friends I have in Leon and because I think some of you are my friends I would like to lay out for you why it is I think that we should put the hospital in Decatur City." And then for the first time I was able to lay out what I had known because of my work on the development corporation. We had 50 to 100 jobs pledged to follow [the hospital] into Decatur City. We had two motels, one of them a high end motel, we had a steakhouse, a private helicopter company, and we had two other things lined up with promises that they would set up themselves in Decatur City if we put a hospital there. I was able to pass that along to them and to tell them that what we are trying to do in Decatur County and what everyone has told us in all of our surveys that what

we need are more good jobs. And that's when you wear two hats you can see those things but you couldn't otherwise.

Morain's affiliation with the Rotary Club didn't prevent him from angering even friends from the club, but it did allow him to retain a sense of community and social ties during a hostile period. He continued to attend the local Rotary meetings during this period, although he admits driving through Leon warily anticipating some kind of provocation each time. His fear in what might happen led him to retain a lawyer from Des Moines during his remaining time on the board. Morain acknowledges the value of bridging social capital even when it does not directly produce tangible benefits,

I am not sure that I persuaded anyone but I let them know that there were real reasons and not because I was from Lamoni and trying to dump on Leon. So the fact is that when you get into separate networks, it gets you into all kinds of trouble, but you can also begin to see things from a lot of different standpoints. But there is a lot of, when you are only involved in one or two you are too focused on individual things. That means I have to choose sometimes who I am backing and who I am not backing.

During the course of a few highly stressful tense months the hospital CEO announced he had a health condition that would prevent him from fulfilling his duties, and he would be stepping down as an administrator. The administrator moved out of Leon and left the county shortly after, a fact that some residents of Leon viewed as a victory of their efforts to retain the hospital. The man had faced incredible pressure from his neighbors in the town. The board took a step back as well from the decision to build and began looking for a new administrator. During this interim period in the fall of the year a few of the board members were up for re-election, including Bill Morain, Gwen Simpson, Linda Chastain (finishing former Chairman Mike Schmidt's term and staying on until 2010), and Tom Thomas. Gwen Simpson won re-election, but the other seats were filled by Leon residents Delbert Lee, a local business owner, and Dave Stone, an area farmer. Leon residents exercised their right to vote and had a massive turn out at the election. The disparity in interest in the board was evident in voter turn-outs as Morain said, "Finally came the fall elections, and I was roundly voted off of the hospital board, because people in Leon vote for the hospital board. People in Lamoni don't much care."

One woman in Lamoni was encouraged to try to run 24 hours before the election to try to increase the town's representation on the board but without a real advertising campaign, and in such a heated exchange, she didn't win. After the election results were announced, Leon residents felt they had earned a victory. It became clear that the hostility over the issue had been firmly centered on the now departed hospital administrator and the now departed Bill Morain. One person within the medical community declared victory out-right at the next board meeting saying the hospital could now move

forward without Bill Morain who was the only problem. The balance of the geographic representation had shifted from one Leon resident, two people living outside of Leon, and four Lamoni residents to three Leon residents, one person living outside of Leon and three Lamoni residents. Gwen Simpson was the only Lamoni member to win re-election and she remembers dreading what would happen at the new board meetings.

Simpson remarked the new board made the transition fairly quickly with little animosity. The group had a sense of duty, the hospital needed a new administrator, and they began to interview potential candidates. At the end of the search the group was faced with a familiar problem. They had attractive qualified candidates but would they and their spouses be willing to relocate to Lamoni? They knew that apart from all of the medical driven reasons for rebuilding the hospital, a new hospital was also essential to attract new doctors.

The board asked Lynn Milnes if he would become their administrator. Born in Northern Missouri, Milnes was not unfamiliar with the region and agreed to take over. His first decision was that the hospital board and administration were not going to talk about rebuilding or renovations for the first year while he learned about the hospital's daily functions. After that year had passed, the board renewed conversations about the hospital's future but with a completely different tone. The group stressed transparency first and again began doing a series of visits to surrounding hospitals, only this time to ones that had not relocated to the interstate. The group concluded that these hospitals were just as likely to be successful; the more important difference was the ability to make the transition to providing more out-patient services instead of the traditional in-patient model. The functionality of doing so was currently limited in the present layout.

Lynn Milnes wanted to be able to talk to the community and sell the decision of making changes and rebuilding; he thought a series of public presentations would be the best opportunity. It was April, 2010 when the board after careful consideration had decided to rebuild. Farmers in the county were still out in the fields planting. It was busy time of the year, and Milnes thought it would be better to start the public information campaign when the farmers had finished, in early summer. He received a phone call from one of the board members on a Sunday night only a few days after the group had decided they were ready to move forward, "There is a big Farm Bureau meeting Tuesday night, can you be ready?" Milnes was asked. Milnes sat down and pulled together a presentation for what would be the first of an eventual 32 public meetings to talk about the need for a new hospital. His presentation included statistics that reflected the inefficiency of the old heating and cooling systems, the electrical system, and lighting. He also talked about how the hospital would be financed. He also made sure to bring one to



three board members with him to every presentation so that the community could ask a host of questions and receive answers from more than just the administrator. “If they promised to get more than five people to show up I promised I would go and talk about the hospital.” Other board members were also reaching out to their boards and through their businesses to keep the community informed. Board member Heidi Bell owns the café on the square in Leon and placed tri-fold information pamphlets that described the hospital’s on-going process. Another member was also the athletic director and a teacher in the Leon school district and would keep the school board updated and field questions. The local Leon newspaper was also generous about covering the progress of the hospital, and often times the weekly paper would feature the evolving project on its front page. As Heidi Bell said, “Because in a small community, your hospital board is probably serving on 10 other boards, we are all able to communicate with our other groups.”

From the beginning of these public meetings it was clear that there was still a lot of tension from Leon residents about the possibility of moving the hospital. The public had lost a lot of faith in the hospital board and many still believed that because it was a tax payer supported hospital that as taxpayers they had the right to vote on the decision and any possible location. In the summer of 2010 the public asked that all board meeting minutes be posted online, where they remain today. This suggestion fit well into Milnes’ desire to bring more transparency to the hospital’s operations.

Since the group had first considered about building a new hospital in 2005, all of the surrounding small rural county hospitals had undergone a major rehabilitation or a rebuild. Decatur County was at a disadvantage. The group felt increasing pressure to act on behalf of the hospital’s best interest, and the board looked closely at the difference between a total renovation and a rebuild. The actual building costs would be \$700,000 cheaper to renovate but the long term energy efficiency and time efficiency from redesigning the building in a new facility would outweigh these small differences. The group decided to rebuild, but where?

#### 5.3.5 Choosing a location for the second time

Any passion and enthusiasm for an interstate location was dead. Two Lamoni board members still felt the best business location was there, but they also realized that this was not going to be a business driven decision. The local politics were going to dictate that this hospital remain in Leon.

The current 1971 hospital sat directly behind the former 1931 structure. The 1931 building was currently rented to a non-profit agency for one dollar a year, but the building had significant environmental problems including containing asbestos. The hospital board could choose to knock that

building down and build on its old footprint. Leon residents still held so much fear about losing the hospital that during these meetings Milnes would field recurring comments and concerns about the hospital leaving Leon. At the same time, although there was strong support for the hospital to stay in Leon, if it was going to be moved at all, Lamoni residents wanted to have a say, so the Lamoni mayor and members of the city council began attending meetings to ensure that no decisions were made without their input. The other large employer in the county besides the hospital and the public school system was Graceland University. Graceland has a nurse and some limited health care options on staff for faculty and students, but the president of the college had voiced that he thought the hospital should be in Lamoni and during the initial discussion to rebuild the hospital the President had offered land in Lamoni. This offer was never a serious consideration for the board; although the site was investigated, it was done so quietly. The board knew that moving from one end of the county to another would be ill-conceived and immensely unpopular.

There was one final location considered, a larger parcel just a quarter mile away from the current location. One man remembering the board's conversations about relocation decisions recalled,

We gave some discussion to moving, but the Leon-ites would have been very distraught to have any discussion about it moving to Lamoni, right, wrong or indifferent it really doesn't make any difference. Economically the Leon folks understandably know that a hospital is a huge economic boon to a community as the Lamoni-ites know. Lamoni has the university, all of the common refrains from the folks in Leon is, 'Well they got the University we deserve something.' Oh god and I guess that is the hospital!

A lot of support for the hospital comes from the agricultural community, which while present throughout the county is perhaps more prominent around Leon where it does not face another challenging identity from a large employer like Graceland or private manufacturing facility. One farm wife who has an active interest in Leon and the county described what the successful completion of the hospital meant to her,

I think that it will help us gain some momentum in our community that such a small county didn't just consolidate into surrounding counties when it came to healthcare, but that we really actively fought to keep healthcare right here so that it is easily accessible. I live on a farm and I need to know that just within a couple of minutes my family can be receiving services that they need.

However, distance and access to the hospital was an important concern to Lamoni residents as well. An emergency medical services volunteer in the county spoke about a number of medical emergencies that are especially time sensitive when the difference of a few minutes could induce permanent damage. Currently it takes an ambulance 17 minutes to reach the Decatur County Memorial Hospital from

Lamoni. Moving to the interstate in Decatur City would change the travel times to 10 minutes for Lamoni residents and 5 minutes for Leon residents. The sense that residents of one community fought and won a county wide entity is reflective of a deep divide and a lack of cooperation and common identity.

### 5.3.6 Financing the new hospital building

In Iowa, unlike public schools, public hospitals are not allowed to pass a general obligation bond. In addition they are unable to pledge the building, equipment, or any other assets other than potential future revenue when borrowing money. To finance the project the hospital began pursuing loan options from the United States Department of Agriculture in June 2010. At that time the hospital would qualify for a 4.25 percent interest rate, which was attractive especially as other credit offerings were scarce. The request to borrow money from a federal agency triggered an environmental review of the site and an inspection of the 1931 building for historical significance. The 1931 building had received minimal investment in on-going maintenance and at the time was only superficially used by a non-profit which paid one dollar a year to rent the building. The hospital had been unable to find any interest in market-rate rentals for the building. The historical review process was agonizing for the Hospital CEO Lynn Milnes, who was keen to proceed with the project. He recounted a conversation with the inspector, “Well we found a gal and brought her in and she said, ‘Oh my, this is just so gorgeous, it is so beautiful, and yes it definitely should be saved.’ And I am going, ‘NOOOO!’ (laughter) Oh my god, the building was cracked and it had caulk, it was just terrible. ‘Oh but this millwork is so gorgeous you can't replace it!’ she said. I said, ‘Here let me tear off a piece for you and you can take it home with you!’.”

Milnes was told that the hospital needed to retain the building and find someone who would accept the building and move it off site. The likelihood of that seemed low and the board had lost six months waiting for the state to reach a recommendation.

While the project was still under review, Milnes got a call that made him catch his breath; Congress had re-appropriated the funding for the hospital’s loan. At first the administrator thought that this change would halt the entire project. While it caused the group to reorganize, it ended up being a blessing in disguise. Milnes went and talked to Great Western Bank, the bank where the hospital had held all of their accounts for years and had a working relationship. The bank agreed to finance the construction of the new hospital.

The Great Western Bank branch in Leon had previously been the Decatur County State Bank and was purchased by Deryl F. Hamann in 1971. Hamann grew up in Northern Iowa and would continue to

purchase banks over the years, first under the Decatur Corporation name. The bank and others were merged into the Great Western Securities in 1999, which prompted a name change to Great Western Bank. In 1998, Terry Geiger moved to Davis City and became the local group president for the Leon location and several other banks. Geiger joined the Rotary Club and the Hospital Board of Trustees the same year. He also joined the Leon Lion's Club and the Decatur County Economic Development Corporation. Hamann sold all of his bank holdings to the National Australia Bank, which specializes in agricultural lending, in 2008. At this time Geiger chose to retire, which brought in new management to the Leon facility, but the bank's name remained the same. The new owners were keen to continue serving the local community, and the bank's loan officer attends the local Rotary Club in Leon with Lynn Milnes. Terry Geiger is still an active participant in the Leon Rotary and is now serving as the 2012-2013 Rotary District Governor for District 6000, which covers 43 counties in central and southeastern Iowa.

Milnes assumed the hospital would next need to find a way to piece together enough capital to fund the project through a consortium of banks, a prospect he dreaded. Milnes first took the proposal to Great Western, the bank he had first approached to discuss a construction bond. To his surprise the bank decided to fund the entire project, a 17 million dollar bond to be paid back through operating revenues. Looking ahead, Milnes is confident that the hospital will fully repay its obligations, with projections showing that Medicare reimbursements will cover approximately half of the debt. Furthermore, buoyed by the studies of multiple other new facilities, the hospital projects its volume will increase by 22 percent after the rebuild. Says Milnes,

We have to presume that we are going to have that; we are already seeing that. We already are busier now than we were at this time last year. People know that it is coming and they drive by it many times and they say, "Wow, that thing is really going fast." And instead of going north to Des Moines for their health care services they are stopping here.

Advertising the funding piece of the project was critical among residents in the county. Repeatedly, Milnes was confronted with two pieces of misinformation, which he would correct. In contrast to the misinformation, first the hospital would not raise taxes, and second the decision would not come to a public vote. One resident describes the board's attempts to communicate with the people in Leon the second time around and the importance of the funding question to build a new hospital, "They had to sell it to the community and say it is not going to raise your taxes. We are going to float bonds and this is how it is going to be paid for."

### 5.3.7 Moving the project forward and the future of the hospital

After solving the location problem and finding the necessary funds, the hospital has continued to operate and communicate with the public as the project proceeded. The hospital board changed again in 2010. Leon Kessel and Guy Clark were up for re-election and both won. Member Dave Stone passed away in June, and the board appointed Tom Thomas III to replace him. Tom Thomas last served on the board from 2000-2006, and he was one of three members to stop serving during the tumultuous first effort to rebuild the hospital. The following summer, board member David Lee turned in his resignation from the hospital board effective June 18, 2011. The board appointed another former member Sherry Untiedt, who works at Graceland University, to fill his vacancy until his term expires in December of 2012. Sherry Untiedt was re-elected to a new two year term on the hospital board in December of 2012.

A further upside of the loss of the federal funding is that the hospital no longer had to adhere to historical preservation requirements. The hospital demolished the 1931 structure in the winter of 2011 and into early 2012 paying extra for asbestos removal. The current hospital is built between the two former hospital buildings and extends over a portion of the 1931 footprint.

After that building was demolished, townspeople began to wonder what would happen to the vacated 1971 facility. People proposed a host of possibilities including a prison. After minimal community discussion, the building will also be torn down starting in early 2013. Hospital CEO Lynn Milnes spoke about the need to preserve open space on the hospital grounds to accommodate future change. Following a pattern in the hospital's history, this facility will likely need to be rebuilt again in 40 years and could experience multiple additions and expansions in between.

The construction began in early 2011 and was completed in December 2012. After the construction period began, Milnes initiated a hospital foundation for the first time. The hospital does not currently employ someone to operate the Foundation; instead Milnes serves as the director with support from his staff. He has set up a number of opportunities to sell naming rights as a way to raise revenue for future investments in hospital equipment and to build a culture of buy in for the new facility and for the hospital's role in the county. There was some initial interest in purchasing naming rights, but Milnes found that as the construction period progressed people seemed to forget about the debt. In September of 2012, South Central Iowa Community Foundation, a six-county regional non-profit that receives proceeds from gambling operations and private donations, made a \$25,000 donation to name the mammography room of the hospital. While many hospitals have well established foundations, the effort had never been tried before in the hospital's history. The hospital does have an established and active auxiliary, which has pledged \$80,000 towards the new facility. Members of the auxiliary hold a

variety of fundraisers, like a recent golf tournament in Leon, and the proceeds from the gift shop in the hospital to meet the pledge.

The hospital has a clear definition of its role in the community; it is a business which serves the region. As Milnes said, “We are not afraid to run this like a business.” The administrator implied that the hospital was capable of and comfortable operating on a thin margin of revenue and providing services strictly within the central mission: healthcare. The hospital no longer has nursing home facilities; these have been privatized within the county. Previously the hospital had provided free access to physical exercise equipment. When the maintenance of the machines became too great due to heavy and improper use by teens in the county, the hospital donated the equipment to another organization and did not include space in the new facility for a community wellness or exercise area. Many residents complemented Milnes management and his success at slowly building the hospital’s quarterly earnings.

#### **5.4 The story of Southern Iowa BioEnergy LLC**

In the mid-2000s, many towns across Iowa were discussing the potential economic benefits of biodiesel. The state had many functioning ethanol plants, and biodiesel seemed to be the next big thing. An article by Rod Swoboda in the Iowa farmer’s publication, *Wallace’s Farmer* from February 2006, talked about the growing interest in the industry across the state. At the time, only three facilities were in operation in Iowa in Milford, Sergeant Bluff, and Ralston all in the northwest and west central region of the state. The article identified 13 communities that were in talks to build a plant – including Southern Iowa BioEnergy in Lamoni.

##### **5.4.1 Forming Southern Iowa Biodiesel**

In 2004 Leon Kessel, a Lamoni area farmer and owner of the Lamoni Livestock Auction, approached a few members of the Lamoni Development Corporation with the idea of bringing a biodiesel plant to the area. Kessel had already talked about the idea with a man who had been manager of the Lamoni South Central CO-OP, where Kessel was a board member, before taking a similar position at West Central Cooperative based out of Ralston, Iowa (Carroll County). The West Central Cooperative developed the technology to generate biodiesel out of soybean oil and began production in 1996. The West Central Cooperative continued to refine its processes and in 2002 had opened the then largest biodiesel plant in the nation, a 12 million gallon facility. The West Central Cooperative also formed a subsidiary company Renewable Energy Group (REG) to market the technology behind biodiesel production. The market for biodiesel was becoming more and more favorable as the Renewable Energy

Group started to advertise its services and seek contracts to assist in starting biodiesel plants. In 2004 Renewable Energy Group had the best technology available, and Leon Kessel and others in Lamoni had a personal connection with someone knowledgeable about the process.

Kessel, a Graceland alumnus, and other Graceland alums who lived and farmed in the Lamoni area, organized a meeting at Graceland University. William T. Higdon had served as Graceland University's President from 1966 to 1974 and again from 1992 to 1997. During the intervening years his wife, Barbara Higdon was Graceland University's first fulltime female President, serving from 1975 to 1991. The Higdon's were both Graceland University alumni graduating in 1949, and returned to Lamoni in 1963. While away, William Higdon had worked as a Shell Development Company Research Scientist and had other experiences in large corporations. The Higdon's were ardent community supporters, and after retirement the couple bought a farm and began farming outside of Lamoni. William Higdon served as Southern Iowa BioEnergy's President (see Figure 5.4).

The group encouraged Bill Morain, another Graceland alum, to become involved. He had recently retired, and although he was not affiliated with farming or agriculture, he had served in leadership positions with the other men. Morain and Alan Elefson served on the school board for the Lamoni School District and helped the school finance new facilities. Morain and Leon Kessel served together on the Decatur County Memorial Hospital's board of directors. He also had a business background that would benefit the company. Morain came into the process quickly and the group membership was set. They had the leadership experience, financial and business skills, and agricultural backgrounds to move the project forward.



*Figure 5.4: Southern Iowa Bioenergy's Logo*

#### 5.4.2 Moving the project forward

The group started doing research and found several advantages to building a facility in Lamoni. Among them were locally owned utilities, ample access to markets and inputs, and enough water resources for the production process. In the course of researching inputs and markets, the group worked with the Lamoni Utilities Superintendent to negotiate an agreement that SIBE would pay for the infrastructure and buy the electricity above the utilities' cost but at a lower rate than they could secure from a larger provider in the region, Alliant Energy. Similarly, the SIBE plant needed a lot of water

resources, but the process did not require clean water. The company negotiated to purchase gray water from the city of Lamoni for the plant. The group decided to build a 30 million gallon biodiesel facility that would also produce crude glycerin. One resource the Lamoni location lacked was railroad access. However, Interstate 35 was within two miles of downtown Lamoni. Biodiesel is produced using soybean oil, and the group calculated that the facility could source almost all of the necessary soybean oil within a 300 mile radius. The diesel would be marketed to Kansas City, Omaha, Sioux City, the Quad Cities, and possibly the edge of Chicago and could also find a large enough market within 300 miles of the plant. These distances were significant. Using current transportation costs at the time, rail transportation became cheaper when soybean oil or biodiesel was shipped over 300 miles. The group decided that the plant would make little use of a railroad and with the access to utilities and water would be profitable.

Southern Iowa BioEnergy filed incorporation papers in January of 2005 with a board of directors that contained leaders primarily from Lamoni but also other parts of Decatur County and surrounding counties. Representing Lamoni were Dr. William T. Higdon, a retired Graceland professor and former University President who now farmed outside of Lamoni; Leon Kessel, a Lamoni farmer who is a central actor in the Decatur County Hospital Story above; Alan Elefson, a former banker in Lamoni who at the time was the director of the Lamoni Economic Development Corporation but who has since moved to Clarke County to work at a larger bank, and Dr. William D. Morain, member of two local development corporations, a hospital board member, and an otherwise engaged citizen. Long serving Decatur County Board of Supervisor J.R. Cornett, a farmer from Davis City with ties to the banking industry, was also on the board as was Leon resident Randy Layton who had managed a local farm trust and served on the Decatur County Development Corporation. The group also attracted membership from Jack Cooley, a large farmer in Osceola, Iowa who served on the Clarke County Board of Supervisors and J. Scott Sunderman a Vice President for Bank Iowa, a large chain of banks in rural communities who was located in Clarinda Iowa, a county seat three counties to the west of Decatur County.

The group held regular meetings and Alan Elefson ran financial projections for the project. The group worked with researchers at an Iowan University that ran a model of 5,000 scenarios of the group's business plan under different prices of inputs, transportation costs, and market demand. It was predicted to be profitable in 95 percent of the scenarios. The group now began to look for funding in earnest. Renewable Energy Group was well positioned as the interest in producing biodiesel increased across the state and began to build several plants. REG had a first to produce the money, first to be built policy. All interested parties were asked to raise a \$2.5 million dollar down payment. The group began advertising to local investors first. Many of the board's members made significant personal investments.



Shares were advertised to outside investors at a 3 to 1 rate. For a one dollar share purchase an investor would own three shares. The group was clear to emphasize that this first and initial investment was the most risky. After raising some initial capital to secure a contract with the Renewable Energy Group, the Southern Iowa BioEnergy board members needed to raise another 20 million dollars in order to finish the plant.

In 2005 the group was awarded a \$400,000 Value-Added Agricultural Products and Processes Financial Assistance grant/low-cost loan from the Iowa Department of Economic Development. At the time the group felt the plant could create 30 jobs (Good Jobs First, 2010). Also in 2005 the company was listed as receiving a tax credit subsidy of \$3,371,774 dollars to support 30 jobs at a rate of \$16.75 an hour. The company received the tax credit because Decatur County is a designated enterprise zone in the state, which means Iowa will support companies that create jobs in the designated area. At the time of the application, the company was estimated to require \$27,840,000 of capital investment.

#### 5.4.3 Finding capital investors

Next the company consulted lawyers about opening the project to a wider pool of investors. Southern Iowa BioEnergy had two choices. It could either have a more restricted offering that would be geared at a smaller number of large investors and most of the money would be required to be raised in the state of Iowa, or it could proceed with a multi-state public offering. The trade-offs were energy, time, and money. The group had to file official paperwork with the United States Securities Exchange Commission in each state in which they wished to sell shares. Each set of paperwork entailed a filing fee. Lamoni sits on the border of Missouri and the community had familial ties and alumni relationships with a broader group of people. The lawyers advised that the group choose the second option to be less restricted about soliciting investors. This meant that board members now had to travel and sell the idea of the company and its potential. County Board of Supervisor's member J.D. Cornett had previous experience in sales and took a lead in marketing the company. Members took trips to Kansas City, Omaha, and across Iowa and Missouri. Time was progressing; the group was not one of the first to raise 2.5 million, which meant that several plants were already being built. Simultaneously, additional locations in Iowa were also soliciting investors. The group had run the financials on the location in Lamoni but still had a hard time selling the site to potential investors. Investors thought the project needed rail access. The group worked with Clarke County Board of Supervisors member Jack Cooley and chose a new location in Osceola. This location had rail access, but the plant would need to buy electricity directly from Alliant Energy at a higher rate, and the plant would also have to buy water. Osceola has

less access to water than Lamoni, and the city is currently considering building a lake to meet needs. Although less profitable, the new location seemed more palatable to investors and the group continued to solicit funds.

#### 5.4.4 Future of the organization

After nearly two years, the group raised approximately 12 million of the necessary 20 million for the project. On September 16, 2008 President and Director William T. Higdon filed a withdrawal of the Registration Statement with the U.S. Securities and Exchange Commission stating, “The Company requests withdrawal of the Registration Statement because of unfavorable market conditions resulting in the Company's inability to raise the minimum offering amount specified in the Registration Statement.”

One board member said up front that he could not be an equity partner for the group but could assist the project in other ways. He lost his entire \$7500 investment and several hundred hours of work. Group members estimate that early investors in the county and members of the board of directors lost between \$600,000 and \$1,000,000 on the effort to build Southern Iowa BioEnergy.

The experience of the project, while time consuming and ultimately unsuccessful, did not damage relationships among investors or the board of directors. Members realized that they had done everything they could, and if the timing had been a little different or if more money could have been raised early in the project without changing the potential location, the project might have found the necessary investment and been successful. Reflecting on his experience in the group, Alan Elefson said,

I've worked on economic development for years and I worked hard in Lamoni and I have always said that if we work hard, one in ten at best will land. But if you don't do the ten you'll never find the one. ...It amazed me how well we worked together because of the diverse nature of our group. You had three dyed in the wool Democrats and 3 Republicans. You had a surgeon and a doctor working with a farmer and a banker two different county supervisors in two different counties, and an atheist and religious guys and some in between. It was just about as diverse you got and it amazed me that we survived basically still friends at the end.

Many in the county spoke about the effort to build a biodiesel plant locally with a mix of resignation and pride, the community didn't succeed but it had tried hard for years to make the project happen.

Of the original group members, Decatur County residents Bill Morain, J.R. Cornett, and Leon Kessel still hold many of their same board positions within the county and regularly work together. Bill Higdon has eased out of active civic engagement due to his age, Alan Elefson has changed jobs twice and

now finds himself ready to participate again having rebalanced priorities and commitments, and the members of the organization from outside the county are engaged in their own local communities. The Lamoni Economic Development Corporation has not taken on another significant project yet, but the group still meets and continues to look for the next opportunity.

### 5.5 Humboldt County Housing Development Corporation

The Humboldt County Housing Development Corporation was formed to address housing concerns throughout the county and especially in the county seat of Humboldt. The organization relies on ties with the city administrator and county board of supervisors to approve projects and receive funding. The rest of the participants are volunteers. The organization has completed a number of projects in the past 16 years; during that time there has been little turnover among board members. The organization’s latest project financed the purchase of 97 acres of land, subdivided into lots to create a new subdivision in the city of Humboldt.

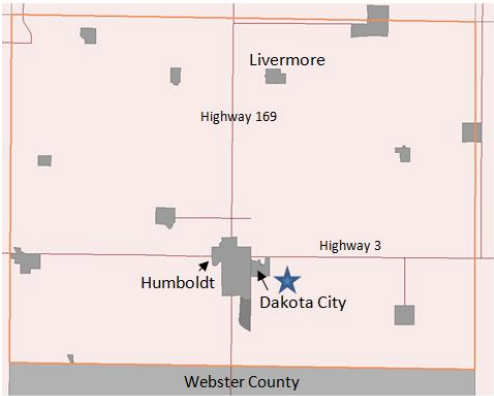


Figure 5.5: Humboldt County’s major highways and select communities

#### 5.5.1 Humboldt history

Humboldt County’s first settlers were pioneers who ventured into the unsettled prairie. The nearest signs of civilization were the military post at Fort Dodge, Iowa (20 miles to the south) and the nearest rail stop was Cedar Falls (116 miles on the present road network). Dakota City and the town that would become Humboldt were both founded in 1862 by separate men who came from New York. At the time the county was recovering from the panic of 1857, and in 1862 President Lincoln signed the Homestead Act, but the country was also preoccupied by the Civil War. One of these early pioneers settled Dakota City, the county seat, and the other, Stephen H. Taft established Humboldt as a church

colony. Today, the two cities share a border and Humboldt is the largest community in the county (see Figure 5.5).

Reverend Stephen H. Taft was born on the shores of Lake Ontario north of Syracuse in New York. He was mostly self-educated and pursued a career of first teaching and then becoming an ordained minister in the Congregational Society and worked with a few congregations in New York before resigning and traveling westward looking for affordable land to buy in order to establish a church colony. During this time he had married a well-educated woman from a wealthy family. He found the amount of land he thought necessary at affordable prices (\$1.25 an acre in present day Humboldt County) and purchased ten sections or 6,400 acres. He returned to New York and brought the first settlers to the area in the following May. He furthermore made a contract with the railroad that settlers intent to join the colony received a reduced train fare. By Taft's account, over 200 settlers joined the colony through this arrangement in the first three years.

Taft had several grand ambitions for his church colony and slowly set in motion a number of things that have fundamentally altered the built infrastructure of the town of Humboldt. He originally named his colony Springvale and spoke with the small collection of settlers in Dakota City who were amicable to his presence. When the county was considering a location for the county seat, Taft proposed merging the two cities and renaming the entity Humboldt. Dakota City politicians could not unanimously agree and so Dakota City remained separate, but the name change became permanent. Taft spoke about the incident at Humboldt's 50<sup>th</sup> anniversary celebration in 1913, recounting what he said to the men in Dakota City after learning they would not consent to combining the communities.

Well, Gentlemen, it seems we are elected to engage in a long pull, and a strong pull, but we are not going to pull together, which I regret. While I shall do all I can, legitimately to build up my town, I shall do nothing with the intention of injuring your town, I hope our rivalry may be just and generous.

Later residents from both communities helped Taft fund the first grist mill, built on a river in Dakota City in 1865.

Taft believed he could create a purposeful community that adhered to Christian morals. Taft laid out the city of Humboldt with extra wide streets, installed two parks, planted over 2,000 trees, and named the town's streets after early abolitionists and leaders in the Unitarian Church. He helped the town draft one of the first ordinances, a ban on the sale of alcohol. Taft built and operated the town's first hotel and newspaper and preached in town before retiring to turn his attention towards building a college in the community. Taft convened local interest in establishing a college in 1866, but the effort was delayed by weather and flood damage in the county until 1869. Taft used his access to families with

money in the eastern U.S. to finance the construction of Humboldt College in 1870 and became its first president. Taft organized the college to be religious affiliated and spent the two years it took to construct the college soliciting additional support from financiers in the east. The college offered free or nearly free admission while Taft paid salaries and expenses through continued fundraising events. Taft was able to support this project for 7 years before closing the effort in 1879. A professor of the college reopened the facility in 1895 and operated it until 1916 as a private college. Ten years later the site was purchased and systematically disassembled by the new owner. Today there is no physical trace left.

Fort Dodge was settled in 1850 and became a prominent western settlement in the Iowa Territory; it is the county seat of Webster County and now has approximately 25,000 residents. The town's proximity has impacted Humboldt's development. Fort Dodge provides close access to additional goods and services, but also has prevented Humboldt from being able to support some stores. In recent years, Humboldt has internally renegotiated its relationship with Fort Dodge. Fort Dodge has been growing and Humboldt has aggressively pursued housing expansions and advertised the quality of its schools in order to attract families to the area.

Several of the people I talked to in Humboldt spoke of the trend towards consolidation in everything rural: schools, farms, co-ops, grain elevators, banks, and population. Humboldt prides itself on being a progressive community that is planning for the future. Many see the community as a bedroom community to Fort Dodge and one that can provide a safer community (Fort Dodge has drug problems) with better schools, and a better quality of life among friends and neighbors you know. The community was once aggressively pursuing manufacturing employment and now people involved in economic development are focused on retention and expansion of the county's core businesses. The community has a number of locally owned agricultural related manufacturing companies. This activity is almost exclusively contained within the city of Humboldt.

Dakota City, the county seat, has a tenuous past with the city of Humboldt. The smaller city is forced to cooperate with Humboldt on nearly all of the public services, and Dakota City, without the diverse manufacturing base centered on Hwy 69 in Humboldt, is unable to compete on appearances, lacking the same level of curb and gutter work and sidewalks. Lifelong residents of the community are fiercely protective of the community's identity, but newer residents don't understand why there are two communities at all. The local school district built a brand new Middle School in Humboldt that sits adjacent to the High School. In an effort to be fair, the elementary school in Dakota City is being renovated and added on to as well to accommodate the re-location of the school district's offices. The

local chamber is a joint institution between the two communities and tries to also do things in Dakota City, but the group is challenged by the lack of businesses in the smaller community.

The community has several locally owned manufacturing facilities whose owners serve on local committees and who have made significant cash contributions in the past. The community also has a set of non-local banks whose senior officers are visible leaders in the community. These banks have donated money to the aquatic center, the Frank Gotch statue, clubs, and organizations. Similarly, the role of bankers becomes important, as does the general sense of place/town identity/source of civic pride that motivates the use of and purpose for social networks and local resources.

#### 5.5.2 Humboldt County Housing Development Corporation group formation and purpose

The Humboldt County Housing Development Corporation has been a registered non-profit since 1997. The organization has no paid positions. It is supported through annual contributions of \$7500 by the county and city. The organization works to address housing issues in the community completing routine surveys to assess housing needs. The organization works closely with the city of Humboldt to plan housing project, since 1997 the city has authorized several tax increment finance (TIF) districts, to develop subdivisions. The organization works with the city of Humboldt to administer on-going housing projects in the community. Business leaders and bankers brought their concerns about a lack of housing in the community to the city council in the late 1990s. At the time a new business had just moved into the community, and others were beginning expansion projects and an inadequate housing stock was complicating employee hiring. As one of the leaders said, "When some of those people came to town all they had to choose from were probably like one or two homes that were for sale." An early committee formed including bankers and the owners of several small manufacturing firms and began talking about how the community could address the issue. The group formalized into a registered non-profit has a few ex-officio positions, most importantly the city administrator for the town of Humboldt, where the group has completed most of their projects, two county board of supervisors, and a member of the city council. Other members include bankers and individuals with financial experience, realtors, and at least one owner or manager from the community's manufacturing firms. The organization has been successful because the key members are all trained in their respective positions: financing a project, finding land and selling a project, and making sure a project complies with city codes. In turn, the most active members are encouraged to work on these projects by their employers or they are self-employed. The group has also built partnerships with MIDAS, the local council of governments for the region, and the Humboldt high school.

### 5.5.3 Accomplishments in the Community

The group has accomplished a number of projects throughout the community during its history. Some of the first projects addressed rehabilitating existing elderly housing and low income apartments. Most recently the organization has been developing subdivisions in the community that provide a range of housing options, including large lot sizes to accommodate high end housing. Buyers of these lots have five years to begin building a home on the lot and must meet certain square footage and garage size requirements. In turn owners are eligible for a five year tax abatement on the first \$75,000 of their assessed home value. These TIF districts allow the city to borrow against the future increase in property taxes to fund the purchase of land and installation of infrastructure. The city has partnered with the local rural electrical cooperative and for homes built within the REC's territory the cooperative has donated the installation of the electrical infrastructure. The community has also worked with the regional council of governments to write additional grants and apply for low interest loans to help finance the projects. The Humboldt County Housing Development's first subdivision in the community, Riverview Heights, began in 2002. The project went through four development phases and sold the last lots in 2007. The city states that the development project has added 57 new homes in the community and approximately \$12 million dollars to the city's property assessment base. The city was able to repay the TIF financed loans early reducing the total amount of interest.

Part of the revenue from the TIF districts must be spent on low income housing. The HCHDC worked with the city to write a Community Development Block Group grant and combining these funds with additional city contributions the organization offered 12 low-income homeowners loans of up to \$24,999 to improve their homes. In 2007, the organization has also started a program which offers assistance to first time low-to-moderate income homebuyers to help cover closing costs and down payments. Over time members of the Humboldt County Housing Development Corporation said that other organizations were now working on low income and elderly housing issues in the community, and the HCHDC was focusing on expanding the total housing stock in the community to meet a demand the private market was still not filling.

When the community first began to talk about starting the organization, the town had a new city administrator and a new school superintendent. Some were afraid the school would not support the organization's efforts to establish TIF districts in the community but the organization maintains an on-going relationship with the high school in the Humboldt Community School District, the largest school district in the county, located in the city of Humboldt.

#### *5.5.3.1 Partnering with the local school district in the Buildings Trade Program*

In 1999, the Humboldt County Housing Development Corporation started a partnership with Humboldt Community School District, Iowa Central Community College, and local businesses to offer coursework to high school students in construction trades. The program was modeled after a successful program in Cheryl Rhead's hometown of Newton, Iowa. The Building Trades Program builds one home a year and then sells the home to the community. The Humboldt County Housing Development Corporation gave the school district seed money to start the program, but the school district handles the administration, costs, and risks of the program on its own. The school pays for a faculty member from Iowa Central Community College to teach skills to the students. Local construction companies are subcontracted for particular tasks and any work that remains unfinished at the end of the school year. The program goes through a lot of equipment and tools every year as students learn through their mistakes and the local Chamber of Commerce coordinates fundraisers in the business community to help cover these costs. The school also applies for a low to moderate income housing grant from the government, which provides the project \$50,000 and sets buyer guidelines and price restrictions. School superintendent Greg Darling said the project doesn't create very much profit and is sustained by the community's continued generosity. However, the school is proud to offer the learning opportunity for students. The school has built over 10 homes in the community, and for the first time one of the homes has transitioned to a second owner. The homes create a sense of pride among students in the program. The program skipped the 2011-2012 school year due to a lack of sufficient student interest.

#### *5.5.3.2 Most recent project Eagle Ridge*

The group has recently taken on the largest project to date: a 71 acre parcel for another planned subdivision that will offer a planned 44 lots with a majority of the lots measuring 0.45 acres. The property was formerly partially farmed and is nestled between the West Fork of the Des Moines River and a recently completed housing development by a local contractor. The project also offers ten prime lots with deep, wooded backyards sloping down to the banks of the river that are up to 2.94 acres in size. The project will reserve 36 acres of sloped wooded land as undeveloped space. The city used TIF funding to finance the infrastructure improvements for nine lots in phase one of the project and offered the lots for sale in September of 2012, eight sold. The group hopes to open up lots in Phase 2 in early 2013, if the project goes well a third phase will complete development of the property.



#### 5.5.4 Future of the organization

The organization has had sustained leadership over time and Cheryl Rhead and Dave Dodgen provide continued leadership. The group has varied in membership but has seen little turnover. Clifton Kalafatich was recently recruited to join the organization. Kalafatich is an Edward Jones Investor and moved into the community after marrying a woman who had grown up in Humboldt and has family ties in the area. As a personal investor, Kalafatich worked to build name recognition and relationships in the community by intentionally joining the local Rotary, Lions Club, and the County Club and is serving as the Chamber of Commerce President. He met Dave Dodgen and Aaron Burnett during weekly Rotary meetings held over lunch. He joined the housing corporation almost a year ago. When I spoke to him in the summer of 2012, he said the organization operated like a business. When the group had to make decisions at various points during the Eagle Ridge project, the group would meet bi-weekly and when less was happening the times between meetings would stretch to a month or more. He said that as a new person to the community, with a vested interest to see the community thrive, being a member of the corporation had been a valuable learning experience and that in time he can imagine being a much more involved participant.

#### **5.6 Team Livermore and Livermore Daze**

Team Livermore was founded by three husband and wife couples in the town of Livermore who wanted to address the decline of the community's annual festival and what they perceived to be a general lack of community events and socializing opportunities. The couples set an ambitious goal: raise \$10,000 to bring their favorite touring band to perform at the town's festival. The group has successfully raised the money for five years in a row. Now they have expanded their mission to general community betterment and are making physical improvements in the community and creating a calendar of social functions, which often double as fundraisers, in the small town in prosperous Humboldt County.

##### 5.6.1 Livermore History

The town of Livermore has access to both the east fork of the Des Moines River and Lott's Creek northeast of the town of Humboldt. The site housed an early pioneer who inflamed early relationships with local Native Americans in the early 1850s by murdering a chief and his entire family. The early settler then burned his cabin and fled the area. New settlers started moving into the area, and a local school opened in 1857, the town was officially incorporated in 1879 with the name Livermore, the same year railroad access first reached the community; an additional rail line reached the community in 1881.

Like many other towns, rail access brought new growth in population and trading. The community grew and built typical institutions of social and civic life, a hotel in 1880, a newspaper in 1882, and an opera house in 1891. In late 1882 much of the downtown district burned in a fire and was rebuilt. Since then, nearly all of these buildings, and all of the large historic buildings, have been torn down. One of the town's first industries was a tile and brick factory built in 1901, but this business was destroyed by a tornado. The community supported the establishment of four church buildings between 1870 and 1881: Presbyterian, Lutheran, Catholic, and Methodist. The Presbyterian Church's congregation dwindled and services stopped. Until the fall of 2012, the building was used to house the Livermore Museum and serve as a meeting place for a senior citizen social organization, the Friends and Neighbors. Members of the Friends of the Museum organization decided to disband the museum, and the church building, which sits a block away from the city hall, will soon be vacated and sold.

Some of the more notable businesses in the community today are the Springvale Golf Course just north of town and Wynona's Quality Consignments with Style shop. Springvale Golf Course was started in 1979 when owners converted a 120 acre farm into a nine hole golf course. Soon after opening the property was sold to a local couple, Gerald and Jeanne Berte, who had previously cofounded Berte Construction with relatives in Humboldt. The new owners started making extensive construction and landscaping modifications to the course. As business grew the couple expanded the course to 18 holes in 1989, remodeled and expanded the clubhouse in 1997, and sold to one of their sons and his wife in 2000. The course continues to be successful and has hosted the annual Dallas Clark Foundation's Charity Golf Tournament since 2008. A young woman who grew up in Livermore, graduated from the high school in 2000, and obtained a business degree decided to take a chance in the community by opening a used clothing store in 2010 after a similar store had closed. Crista Jensen has created a website for her store, ships orders, and has family members make routine deliveries to customers in Algona and Humboldt. The store also allows her to watch her children while she works. The town also has municipal water service, a library, and a pool, which was built in 1976 and is still maintained. The community pays for a local cable channel through a small regional cable provider and has a municipal electricity department.

Livermore has always been a small town and population peaked at 736 residents in the 1940 Census. Since the community has continued to shrink slowly and has lost 45 residents since the 2000 census yielding a population of 383 in 2010. The community lies 13 miles from Humboldt and 17 miles from Algona the county seat of northern Kossuth County. The community had its own school district until it consolidated with two other small neighboring schools in 1956 at which point it continued to

house grade school students until the district decided to further consolidate and close the facility in 2005 when there were 57 students in grades kindergarten through fifth remaining. The two-story brick building sat empty in the middle of Livermore for several years; the school district offered buyers a chance to purchase the property or the district would demolish the building and then offer the green space back to the community. In March of 2011 local fire crews burned the building in a training exercise and then tore down the remnants. This process was photographed by local residents and the photos and the school's story are archived on the town's website. School superintendent Greg Darling said he appreciated the pain and loss local residents coped with after the decision was made to tear the building down but feels that Livermore has much more of a chance to thrive without being hindered by outdated obsolete infrastructure. Livermore celebrated its 125<sup>th</sup> anniversary in 2005.

#### 5.6.2 Livermore Sense of Place

Livermore residents are aware that they are a bedroom community to Humboldt and Algona but they are still actively planning for the future of their community. Residents do not anticipate large scale job creation, but a number of residents are now focused on making quality of life investments in the town. Livermore residents formed Team Livermore in 2007 and produced a coordinated effort in the community by which to celebrate the virtues of small town life: neighborliness, safety, and a sense of community. Livermore has always been a small town but remains vital through the actions and investments of local residents.

Dallas Clark might be one of the most famous part time residents of Livermore. Clark was a professional football player for the Indianapolis Colts for nine seasons and just finished a one year contract with the Tampa Bay Buccaneers. Clark was born and raised in Livermore and still lives there during the off season with his wife, his high school sweetheart and fellow Livermore native. Clark's parents were divorced when he was young, and he lost his mother shortly before graduating high school. Clark worked his way through three years of tuition costs at Iowa State University until receiving a full football scholarship in 2001; he joined the NFL draft after the 2002 season. Clark has a history of giving back to his community. He started a foundation to offer scholarships to students in the two county area (Humboldt and Kossuth) and raises money by hosting a charitable golf tournament at the course just north of town. Clark funded the renovation of Livermore's baseball and softball fields, which benefit local club teams of community members; the street running adjacent to the fields was renamed in his honor. Clark started planting grape varieties on his family's farm outside of Livermore in 2008 and

subsequently renovated a former train depot in the neighboring town Algona into the Train Wreck Winery with an attached banquet hall.

### 5.6.3 History of Livermore Daze

Livermore Daze was started by others in the community in 2001 to replace the town's previous summer event - a local rodeo - that had ended in years prior. The event was traditionally anchored by a car show but from the beginning also featured a street dance and live band performance. Residents said that the town used to support more frequent street dances several decades ago. Previously the street dance featured various local bands and the dance has had a theme of 1950s and 1960s music since it was started. The Fabulous Uniques played at the event; the group originally organized in 1962 played until 1967 when college and military duties split up the group. Originally the group contained two men from Gilmore City, a small town on the border between Pocahontas and Humboldt Counties, and two men from Pocahontas, joined by a Humboldt resident and a Mallard resident. Elden Landolt, who now lives in Livermore and is a member of Livermore Daze had the idea to start the band and was one of five members to be inducted into the Iowa Rock-N-Roll hall of fame in 2004.

In 2005, the event was used to celebrate the town's 125<sup>th</sup> anniversary; this was the first year that the event extended into the full weekend with activities on Sunday. Before the Vic Ferrari band started playing and under the former organizers, Kirk and Ginger Hundertmark, the street dance supported the local food pantry, charging entrants three dollars or two dollars and a food pantry contribution. Today, tickets are ten dollars to support the cost of the band.

Kirk and Ginger are active volunteers in the community and Kirk, with technical experience in web design provides websites for multiple organizations in Livermore, including the Sons of the American Legion, the city of Livermore, Livermore Daze, and Team Livermore. This couple had organized the event for seven years and had begun to feel burned out from running the event. Kirk holds multiple jobs including a 911 operator and has less time available for the planning required.

### 5.6.4 Forming Team Livermore

Team Livermore began in Barney's Pub, Livermore's only bar and restaurant, in 2008 among three couples who were having drinks and talking about the state of community in Livermore. The group is very cognizant that their community has become a bedroom community to Humboldt and Algona. One of the founding members commented that they were not going to change the community's fate. They could not expect to bring in manufacturers, but they could improve the offering of local events and

the town's pride. The three couples all shared a favorite band, Vic Ferrari, and someone brought up the idea of bringing the band to Livermore Daze. When the group found out that the band charges \$10,000 for a show, the members began to brainstorm about how to raise the money and pull off this dream. The Hundertmarks were ready to take a step back from the event and so Team Livermore became the official organizers of Livermore Daze.

The three couples included Jean and Steve Larson, Marlys and Ron Trauger, and Carolyn and Ivan Fredrickson. Only Jean Larson and Ivan Fredrickson grew up in the town of Livermore, and two of the couples had lived outside the community until retirement. Jean Larson grew up in Livermore, graduated from high school in 1971 and met husband Steve at college. He went on to have a career in the military, and the family moved for several years until they returned to Livermore in 1998. Steve owns a construction business, and Jean is the Livermore City Clerk. Jean and Steve Larson's daughter, who is married to pro football player Dallas Clark, has put down roots in Livermore with her husband during his off-season. Marlys Trauger grew up on a farm in the Bode area, and she and her husband Ron worked for Union Pacific Railroad. After retiring they came back to the area in 2001. Ivan Fredrickson graduated from Twin Rivers High School in Livermore in 1974, the same year as Randy Foth, the owner of Barney's Pub. Carolyn grew up in Algona to the north. Ivan has spent his career in agricultural marketing and operations at farming cooperatives and is now a manager at the local facility in Livermore and other cooperatives in the area.

#### 5.6.5 Reaching out to others in the community

These three couples reached out to friends and family members to help build their mission. Ron Trauger pulled in his brother Larry and his wife Jane Trauger. Gregg and Diane Jensen joined the group, Gregg works at Gold Eagle Cooperative with Ivan Fredrickson. Marlys Trauger sang in the band the Fabulous Uniques with Elden Landoldt during 1964; both grew up in the neighboring small town of Bode. Elden Landoldt also left the area for college and a career and was gone for 10 years before returning and opening a grocery store in Livermore in 1975. Elden Landoldt and his wife Joann are involved with the group. Their son and daughter-in-law Jeff and Kris Landoldt have recently returned to Livermore and they too are a part of the organization. Kirk Hundertmark graduated from Twin Rivers in 1976 and is not officially a member of Team Livermore. He does, however, take pictures and write news articles about the group's activities for the Humboldt newspaper. Hundertmark also serves on the Humboldt Community Foundation; Team Livermore has made occasional grant requests to the county wide organization over the years for their various projects. Diane Jensen used to operate a used clothing

store, the Trading Post, in Livermore for several years before closing it in 2009. Kirk and Ginger Hundertmark's daughter Christa Jensen opened a new used clothing store, Wynona's in September of 2010.

#### 5.6.6 Changes to Livermore Daze

Over the years, Livermore Daze has continued to evolve, and the event incorporates volunteers throughout the community. Local hero professional football player Dallas Clark and his brothers hosted a 3 on 3 basketball tournament for several years before replacing the event with a Home Run Derby. In 2011, Crista Jensen, owner of Wynona's, a consignment clothing store, started a craft show at Livermore Daze offering more activities that might appeal to women who attend for the weekend. The event also sponsors a parade and an ecumenical church service that local ministers collaborate in organizing. The local school district anchored a school wide homecoming event the same weekend as Livermore Daze. In recent years, Barney's Tavern has become a co-sponsor of the event. During the street dance and concert the bar has exclusive sales of alcohol. The group has succeeded in raising the money to bring the band to town for 5 years straight and photos of the event this year show the center strip of town is packed with people for the concert and street dance. The size of the event attracts so many visitors, and the community of Livermore is so small, that the event creates a one –weekend opportunity for many different organizations to hold fundraisers that meet the needs of visitors.

#### 5.6.7 The changing role of fundraising for the organization

The Livermore group uses the community event model of fundraising. The group puts together an experience, often including food, with donated items and volunteer labor and sells tickets to the event. These types of events create and use social capital as organizers must solicit donations and the event's success relies on the community's broad buy-in and participation. Examples of the type of fundraising that the group does include: soup cook-offs, roast beef dinners, and pizza deliveries. The first year, Team Livermore raised enough money to bring Vic Ferrari to the community, and since has used the ticket sales from the previous year to support the band costs and marketing for the following year. Soon the group was able to expand their mission to reflect more of a broad based community improvement civic organization. The group now uses an official motto: "To improve the quality of life in Livermore through the support of community events, that bring music, fun, cultural and social activities, to the great Livermore area."

The organization has now developed a full 12 month calendar of events and participates in at least one project in the community each year. The group hosts events in the community and provides small donations or volunteer labor to the efforts of other organizations. Examples include assisting with the production of a Livermore Community Play, and making donations and volunteering at the library's Halloween event and the American Legion's Santa Claus Day. Team Livermore has also been making physical improvements to the community. In 2009 the group installed new bathrooms at the public pool with a grant from the Humboldt County Community Foundation and volunteer labor and equipment; the project ran a total of \$11,600. In 2011 the group started a project to add new entrance signs in Livermore, and in October of 2012 Team Livermore installed the \$3,000 engraved limestone marker they had purchased and designed for the entrance to the town. The group has also built horse shoe pits at the Livermore Pool Park and straightened stones at a local cemetery.

#### 5.6.8 Additional social capital spillovers

Members of Team Livermore have also gathered support to reopen additional clubs and organizations in the community. One of the organizations that used to be active and was restarted by Team Livermore members and others in the community is the Friends and Neighbors organization, which owns and operates a community space that is available for party and family reunion rentals. Two others that have started are the Sons of the American Legion in 2010 and the American Legion Auxiliary in 2012. The Sons of the American Legion chapter is based in Livermore but includes participants from Humboldt and Dakota City. Ron Trauger serves as the leader of both the Sons of the American Legion and Team Livermore. Prominent Dakota City volunteer Jim Gronbach is also a leader in the organization. The organization holds monthly meetings and has a directory of 54 members; men obtain membership in the organization by having a parent or grandparent who served in the United States military. Some counties in Iowa have multiple squadrons while others have none. Livermore's group is the first squadron in Humboldt County. The organization has started hosting a chicken supper on Saturday night of Livermore Daze as a fundraiser. The event lasts from 4pm to 8pm just before the main concert begins. Following the concert, at 11 pm to 1 am the American Legion serves breakfast. The American Legion Auxiliary is an organization that opens membership to female veterans and women closely related to veterans. The leaders of this organization are not leaders in Team Livermore (Leslie Renken, Gina Shaffer, Carmen Fleming, Joyce Hanson, Jean Erpelding, and Janet Earls) but have participated in Team Livermore fundraisers and community services projects.

## 5.7 Carroll County Area Development Corporation Attracts AirCover Integrated Solutions

### 5.7.1 History and geography

The area that was organized as Carroll County in 1856 had attracted few settlers and would remain sparsely populated until the arrival of the railroads in 1846. The county's early settlers came from eastern and southern states. Until the railroad's arrival the county's population was a majority Republicans and some of the county's first churches were built for the Methodist and Presbyterian faiths. The Carroll Herald newspaper was started in 1868 and was a Republican leaning paper. The United States Congress deeded approximately 4 million acres of land in Iowa to the state legislature to be used as an incentive for railroad expansion in the state. The Cedar Rapids and Missouri River Railroad Company was the first to cross the state of Iowa, and their line ran through Carroll County. As part of this project, the company received 117,000 acres in Carroll County. The county would soon receive steady and significant German Catholic and largely Democratic in-migration.

The year after the railroad reached Carroll County, Lambert Kniest, a Dutch man who immigrated in 1847, working with Heinrich Baumhover, a German who immigrated in 1849, endeavored to build a successful colony similar to Pella or the German Amana Colonies settlement projects in Iowa to provide immigrants with a sense of community. Kniest became the leader of the effort and purchased first one and then a second township, each approximately 36 square miles, in Carroll County from the Iowa Railroad Land Company and began advertising the land to settlers. The state of Iowa had attracted a large percentage of Germans up to the 1860s, and land prices in Eastern Iowa were becoming prohibitive to some families. Kniest would become the leader of the effort to attract new immigrants into Carroll County Iowa. In his online, still under revision, book, *The German Heritage of Carroll County, Iowa*, David Reineke mentions a rumor about Kniest's settlement tactics. "Although the opportunity was advertised, it is said that Kniest agreed to sell only to German or Dutch immigrants who were both Catholics and Democrats (Chapter 3 The Germans of Carroll City, Reineke)". Kniest's first efforts were concentrated in Kniest Township, which has 643 residents by 1875 and was the most populous portion of Carroll County. Kniest became involved in county politics and purchased a second township, Wheatland, from the railroad in 1870 to accommodate the number of immigrants. Kniest's two townships were in the northwest corner of the county, and Wheatland did form the community of Breda, but settlers in Kniest Township only built a church locally while supporting economic activity in the city of Carroll. Kniest himself built a large general store in downtown Carroll in 1871, and the townships did not attempt to fight for control of the county seat or disrupt the central city's development. Instead the land was farmed, mostly in 80 acre parcels. Kniest and Baumhover were two



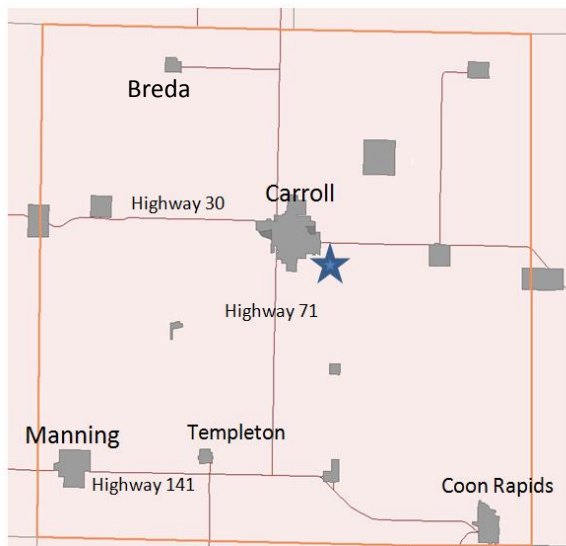
exceptions, and both remained large landowners and farmers. Kniest operated a farm of over 8,000 acres in the 1870 agricultural census, and he was one of the wealthiest men in the county. The county's newspaper issued a report on April 20, 1873 that speaks about the county's settlement. In later years the county would begin attracting more German immigrants directly from Germany,

The report of the Iowa Railroad Land Company for the year ending March 31, 1873, shows the number of acres of Carroll county land sold in the year then at an end to have been 32,577. The nearest approach to this figure of any of the counties in this vicinity is reached by Crawford County. However, the sales are over 8,000 acres less there than in this county. What is more remarkable in this land showing is the fact that the sales in Carroll county were all made by one firm, while in Crawford the company has agents at Vail, Denison and West Side, besides a salesman on salary. The rapid settlement of the county is a matter of congratulation upon all of its present inhabitants. From present appearances the county will have a population of 5,000 by the first of next year. Most all of the recent arrivals are Germans, most of whom have lived in this country for years and are acquainted with our language and customs. Their principal settlements are in Kniest and Wheatland townships, with quite a number in Sheridan, Carroll and Roselle.

The county seems to have assimilated the German immigrants quite well although the old-timers and newcomers would disagree over the issue of temperance. There is nothing in the county's history to suggest that disagreements ever became violent, and instead, at multiple points, the county's records boast at how low crime rates were. In fact, local alcohol production would bring notoriety to the community during the 1920s. As the German community expanded they began opening businesses in town. Some of the first were bars. Women in the community, especially those affiliated with the Methodist churches, opposed drinking, and the residents formed a Good Templar's Lodge in 1872, which advocated for temperance. In 1874, the *Der Carroll Democrat*, a German language newspaper was opened in the county by non-German shareholders. One of the paper's underlying agendas was to convince its readers to join the Democratic Party and protest temperance efforts. In 1882 the Iowa Legislature passed an amendment to the Iowa Constitution making it illegal to manufacture or sell alcoholic beverages. Carroll County was one of the few counties in the state to oppose the measure in a public vote, and until the prohibition laws were overturned in 1893 there was still considerable drinking and alcohol manufacturing among county residents.

Later during the national prohibition, Templeton, a small town a few miles south of the city of Carroll, became famous for its rye whisky distilleries. The whiskey was reputed to be Al Capone's favorite, and he would distribute barrels to speakeasies in Chicago, New York, and San Francisco. One of the best producers was a German farmer, Alphonse Kerkhoff. In 2001 his grandson and a younger man

with a family background of illegal distilling in the county to the north started manufacturing whiskey with a local recipe using a distillery in Indiana owned by a man who grew up in the town of Breda in Carroll County. The two men labeled their product Templeton Rye Whiskey, built a local distillery in 2005, and brought their first batch of product to market in 2006 after it had aged for four years. Over time they have expanded their local operations and are the largest employer in Templeton. According to the company's website, the company has donated over \$1 million locally. Part of this donation was a \$250,000 contribution to the Templeton Community Center project, a \$1.4 million recreational facility. The Kerkhoff family is active in community building efforts in Manning as well (see Figure 5.6).



*Figure 5.6: Carroll County's major highways and select communities*

The county's Germans were also devout Catholics, spreading Catholic churches and schools across the county. Several priests are recognized for making substantial contributions to the county's development. Rev. Joseph Kuemper, who came to the county in 1901, is responsible for starting two important institutions in the county, St. Anthony's hospital, which opened in 1905, and St. Angela's, a domestic science school for girls, which graduated its first class in 1910. St. Anthony's hospital has grown over time. Unlike the hospitals in my other three counties, this hospital is not a critical access hospital, meaning it does not receive subsidies to ensure access in rural areas. St. Anthony's is one of the state's 16 regional hospitals with 99 beds and an attached nursing home. St. Angela's was a two-year school devoted to teaching women cooking, homemaking, and sewing while offering courses in art, music, stenography, and typing. The school was labeled as an innovative experiment by a county historian in 1912, and the school continued until it was repurposed into the coed Kuemper Catholic high school, which opened in 1954.

Carroll County is part of Iowa's Corn Belt as mentioned in Chapter 4. The county would gain national recognition from the innovations of a local entrepreneur, Roswell Garst. Garst was born in the southeastern Carroll County town of Coon Rapids. He began farming in the area in 1921 and started a hybrid seed corn business with an associate in 1931. Garst was an advocate for science in agriculture and experimented with the use of nitrogen fertilizers, used corncobs as a feed supplement, and continued to build stronger varieties of corn through selective crossbreeding. Garst also advocated for increased agricultural trade during the 1950s and made trips with agricultural delegations to Russia, forming a relationship with Soviet leader Nikita Khrushchev. In 1959 Khrushchev visited Garst on his farm in Coon Rapids as part of his US tour. Garst remained active in his company until his death in the 1970s. Garst Seeds was the major employer in Coon Rapids, and the Garst family opened an early bank in the community. The plants most recently were owned and operated by Syngenta, a multinational corporation headquartered in Switzerland. As reported by the KCIM radio station on March 1, 2013, Syngenta is discontinuing the use of the Garst labeling and incorporating former Garst hybrids under other company owned labels. Syngenta also announced that it would close the plant operations in Coon Rapids December 31, 2013 but maintain the corporate administration positions in the town.

Carroll County lies near the northwest corner of the Des Moines metropolitan statistical area and is approximately two hours from both Sioux City, Iowa to the northwest and Omaha, Nebraska to the southwest. The city of Carroll is the largest city and lies at the center of Carroll County and of a nine county block in the west central portion of Iowa. Neighboring Denison's population in Crawford County has grown from the presence of Hispanic immigration and the meat processing industry, although Carroll still attracts many Denison residents with its retail offerings. The county supports a number of small, thriving rural communities, and during an initial visit I spent time in Coon Rapids, Templeton, and Manning before choosing Manning as a second community of focus within the county. The cities of Carroll and Manning both offer hospitals, and a branch of the Des Moines Community College is located in Carroll. It is a small regional commuting destination for residents living in the county and in surrounding counties and also is the retail shopping center of its region. The county lacks Interstate access and Highway 30 provides the best road access in and out of the county by connecting Carroll to interstate I-35 to the east, 68 miles away, and Omaha to the west.

### 5.7.2 History of the Organization

The Carroll Area Development Corporation (CADC) is the official economic development organization for Carroll County. Formerly a private non-profit started by bankers and industry leaders,

the organization is now a public-private entity that collects private support from annual memberships of \$250 and public support from Carroll County. A \$250 investment earns a seat on the board and additional seats are reserved for certain positions in the community: Des Moines Area Community College, County Board of Supervisors, County Auditor, Region XII Council of Governments, Carroll Mayor, etc. Currently CADC has a 40 member board that holds weekly meetings at noon on Tuesdays. This meeting structure has drawn both praise and support by members and predates the current director's 11 year tenure.

The current economic development director is also the executive director of Carroll's Chamber of Commerce, which has over 100 members. The Chamber also meets weekly at 8 am on Fridays for Chamber Coffee. Each meeting highlights local chamber members and meetings are frequently held on site at a local business. Many CADC members are also Chamber members and so the CADC provides two opportunities a week for businesses and interested parties to be in the same room together. Both organizations emphasize spotlighting area businesses. CADC frequently has a presentation as a main focus of their weekly meeting although the tone of the conversation is significantly different than at a Chamber Coffee. Businesses come before the group to talk about the particular challenges they are having, new technology they are using, management practices, etc. When the CADC was a private non-profit, The Development Corporation of Carroll County, the organization had some success attracting large employers, Pella Windows and Doors and American Home Shield to Carroll. Today the town's largest employers include these two companies as well as several local companies including Farner-Bocken a food and tobacco distributor, St. Anthony's Regional Hospital, and New Hope Village, an organization that provides care, housing, and employment opportunities for the developmentally challenged, and the public and private school systems.

Much of the CADC's focus has shifted towards retention and expansion of existing businesses. One of the group's major programs is to conduct existing industry visits on a recurring basis. This represents a shift away from previous efforts in the community that focused on recruiting new companies. Over time, economic development efforts have become more institutionalized, the agency has restored a historic train depot for office space, the annual budget increases each year, and the weekly full-board meetings are more transparent and time consuming than earlier times in the organization's history. Economic development, some say, has moved away from attraction strategies as these efforts consistently have a smaller pay-off, but the absence of exciting news about a new company coming to the community has some members or former members questioning the group's use of resources. Another new program at the CADC is a lobbying trip to Washington D.C., which has taken a

group of people from the community at their own expense for two consecutive years. The trips are a chance for the members to thank legislators for recent highway improvement projects and continue to tell Carroll's story and needs to lawmakers. The focus on retention and expansion is supported by existing employers who face employment shortages. Carroll is a job center for the region and has had a low unemployment rate for several years. Existing companies have gone so far as to offer joint job fairs and market the region, but the positions needed often do not offer a salary level that attracts in-migrants. The tight labor market has generated support for CADC's expansion-retention strategies among major employers who don't wish to see additional competition for labor.

Existing large companies in the city are located together in the now full industrial park and enjoy an atmosphere of friendly working relationships and occasional competition. When Pella Windows and Doors was faced with making a major lay-off, the human resource director reached out to other employers to look for positions for laid off employees who might meet the needs of the neighboring businesses.

There are also on-going private interests in economic development. A local business owner purchased the land to start a second industrial park in the community, but no new businesses have been added in five years. A local resident, upon death, willed a sum of money to a private foundation to be used for economic development. The private foundation works with the CADC and does not control a large sum of money but does contribute to projects. The community also has tried local venture capital investing. The initial effort invested in two separate projects. One failed immediately, and the other is slowly paying back the investors. Other opportunities for venture capital investment have surfaced recently and circulated among the community members.

### 5.7.3 Attracting AirCover Integrated Solutions

The Carroll Area Development Corporation works hard to maintain a very public presence, but some economic development projects require discretion, especially when a community gets the opportunity to attract a high tech manufacturer looking to expand. AirCover Integrated Solutions was started in Redding, California in 2008 and had developed contracts with larger defense corporations to produce unmanned aerial vehicles. The company also produced its own product, a smaller lightweight battery operated system that is marketed towards police departments and first responders. One component of AirCover Integrated Solutions business plan is to rent equipment to emergency response teams on a monthly basis, at a much discounted rate compared to sending someone up in a helicopter with a camera. The company decided to open up a manufacturing facility in Cedar Rapids, Iowa in the

fall of 2011 and sought to begin operating in early 2012. On December 3, 2011 members of several protest groups from Eastern Iowa cities rallied outside the company's lease space in a building that also hosts other entrepreneurial businesses and protested what they believed to be a company whose products create a serious concern about the invasion of privacy.

Coincidentally, during the protest Doug Burns, who is a columnist at the Carroll Daily Times Herald, was in Cedar Rapids while doing a freelance journalism assignment to interview AirCover Integrated Solutions owner James Hill. Burns was born and raised in Carroll County where his family has run the local newspaper since 1944; he is a member of the Carroll Area Development Corporation (CADC). Burns suggested that if Hill was considering expanding his Iowa manufacturing operations, and especially if the company developed more agriculturally based products, Carroll, Iowa would be a perfect choice for the company. Hill had originally chosen Iowa in order to start expanding his product into agricultural productivity monitoring. The company had started a partnership with the University of Iowa to explore new technology and surveillance applications. The Cedar Rapids location was advantageous as it provided access to a number of highly skilled workers. Carroll also has a skilled workforce, and as a rural city has access to certain funding sources through the USDA. James Hill was intrigued enough to learn more.

Burns brought news of his contact back to Jim Gossett, the Executive Director at the Carroll Area Development Corporation, and a period of prospecting began as the company and the organization traded information to assess the potential suitability of a facility in Carroll. The company remained interested and so Burns assembled a team of five CADC members to work on the project with himself and Jim Gossett, drawing in a banker, an attorney, and a building contractor. Another CADC staff member became involved to assist. The group members signed non-disclosure agreements and the two parties began sharing information. A partner in the company came to visit Carroll in February of 2012, and Jim Gossett, Doug Burns, and a banker provided a tour of the town and several buildings that might fit the company's needs.

While learning about the company's needs the group drew in additional CADC board members. The company's visit included a visit to the local branch of the Des Moines Area Community College and meetings with Provost Steve Shultz, who is the current CADC President. The group also expanded to include the airport manager and two airport commissioners as the company was considering leasing space and possibly using the airport to stage demonstrations and trainings. Through the spring, Jim Gossett took the lead staying in contact with the committee and the company and the two sides continued to share information. In March, James Hill came to Carroll for a visit. The parameters of the

project had changed and the group showed Hill a different set of properties, and set up additional meetings with the community college to discuss accessing the community's port to the Iowa Communications Network, the statewide fiber optics internet system.

As conversations with the company proceeded the two groups began to talk about potential sources of capital and investment in the company. The owners of AirCover decided against taking any federal or state incentives, and although Gossett prepared members of the city council and the county board of supervisors to consider offering an incentive to the company, these avenues were also decided against. AirCover Integrated Solutions is still in the early stages of doing business, and James Hill asked Gossett if he would approach the community to discuss the potential of a local capital investment.

Approximately six years ago the CADC was instrumental in establishing the Western Iowa Growth Network, a regional angel investor network that fits state requirements to encourage venture capital and offers investors tax incentives to become involved. Investors have to meet certain requirements and the fund has its own manager. At that time, CADC helped convene a pool of individuals and the original fund had 33 investors. CADC is no longer involved with this network. However, to respond to James Hill's request about local capital. Jim Gossett started reaching out to some of these investors and other individuals in the community who he thought might have the capacity and interest in making this type of investment. He pulled together a group of ten people, some who were board members and others who were not and arranged an initial presentation about the company. Gossett stressed to the group that this investment opportunity was not tied to the project's decision to locate in Carroll. The CADC was not encouraging anyone to make the investment but was using a combination of bridging and bonding ties to see if anyone in the community was interested in investing. Five of the original ten individuals chose to make personal investments in the company. Gossett also approached a local foundation that offers small incentives to companies who create new jobs. The foundation typically offers forgivable loans tied to promises of job creation. In this case, the foundation also purchased stock in the company and set up terms that would allow owner James Hill to buy back the stock in two years if he had fulfilled his commitment to create 14 jobs. The foundation would ask for a slight return on their investment, but if the company was doing well, their selling price would be cheaper than the stock would be trading.

The project took an extensive amount of planning and time for both the CADC staff and members of the small committee. Carroll County Economic Development Director Jim Gossett said,

That is what makes a town like Carroll unique. We are big enough to handle a project like this and larger, but we are small enough that small projects mean something to us. There is a difference between us and a town like Cedar Rapids

in that respect, because we can give more attention; 15 jobs means more to us than Cedar Rapids. And I don't say they don't work hard, and they don't work on projects with 10 and 15 jobs because they do. But I think the attention we paid the company made a difference.

AirCover Integrated Solutions announced it was opening an assembly facility in the city of Carroll on November 20, 2012 and currently employs two people who assemble the ground station devices that control the craft. The primary component is still being manufactured in Redding, California but is being shipped to Carroll to be packaged and then shipped out to customers. Columnist Doug Burns who made the first contact with the company made the announcement in the local newspaper the same day the company made a public announcement. The company now operates three locations and retains a Corporate Office in Cedar Rapids. The company intends to grow the Carroll facility and begin manufacturing its line of unmanned aerial surveillance devices in 2014.

### **5.8 Retaining a variety store business in Manning**

The Manning Betterment Foundation is one of the organizations in the community of Manning that addresses local development and quality of life. The organization learned that the town's general merchandiser was closing, which would greatly reduce the selection of household items available for sale in the community. Manning has several low income senior housing complexes, and many of the residents in these facilities lack a means of transportation to neighboring Carroll, 22 miles away, to buy goods. The Manning Betterment Foundation decided to act and raised money to retain local retail options within the community. The organization raised \$51,900 and made building improvements to the store's location and donated \$40,000 to help new owners re-establish the business. The new store reopened in the community almost two months after the chain store had closed.

#### **5.8.1 Manning history**

Manning is a town of 1,503 in southwestern Carroll County, a high prosperity county in western Iowa. Carroll County has many small towns, and, unlike Humboldt and Appanoose Counties, some of these smaller towns are still sustaining populations over 1,000 people. In addition to Manning, there are 1,308 people in Coon Rapids and 1,146 people in Glidden. Manning was formed by O.H. Manning, an agent for a railroad company, and rail access brought settlers to the area and helped farmers ship out their surplus products. Manning shares the highly productive soil present throughout Carroll County, and the town is surrounded by fields of corn and soybeans. The community also has a history of German settlement, but the area is more diverse than the city of Carroll and supports a number of churches of



fairly equal size. Manning went through a school consolidation process with neighboring communities Irwin, Kirkman, and Manilla. The community of Manning retains the high school facility and one of the grade schools.

The community supports its own private non-profit hospital, nursing home, and substance abuse treatment center. A local doctor in the community built a hospital in 1926 and owned it until the mid-1940s. The hospital was sold to another doctor who owned it only a few years before the doctor could no longer afford the facility and worked with leaders in the community to form a community hospital association and offered equal non-monetary shares to all of the churches in the community. Soon after, the hospital was converted to a private non-profit hospital association. The community hospital association board served as an overarching association for the formation of a number of other health related services in the community. A separate board formed to fundraise for and operate a nursing home in the community, The Plaza; in 1966 this facility was attached to the current hospital building and offers 56 beds. In 1976 the two entities merged into the Manning Regional Healthcare Center. The facility established a substance abuse treatment center in 1982; it remains one of the few hospital based facilities in the state. Throughout the years the original 1926 building had had a series of additions, and by 2010 the hospital board, made up of area business people who are not publicly elected as the hospital is private, decided to pursue funding to build a new modern facility. The current hospital is located on Main Street and is land locked. An area land owner donated 43 acres within the city limits to the hospital and the group received a \$21 million dollar low interest loan from the USDA to build a replacement hospital. Construction began on the new facility in the fall of 2012.

#### 5.8.2 Manning Betterment Foundation

The Manning Betterment Foundation is a 501c(3) that was reorganized as a non-profit in 1995. Previously the organization existed in the community as a for profit corporation dating back to the 1960s. The group was started in response to changing economic conditions with the purpose of diversifying and strengthening the local economy. The group has two forms of membership: a general board and the governing board. There are no membership dues, and anyone may choose to be on the general board by conveying their interest to a member of the governing board. The general board meets once a year at a dinner event to celebrate the accomplishments of the previous year and elect people to the governing board. The governing board has several ex officio memberships: hospital representative, housing authority representative, school district representative, city administrator, etc. These individuals, depending on their inclination, may become involved in the activities of the organization by

serving on the governing board or choose to attend only the general meeting and join the mailing list. There are no term limits to serving on the governing board and the size varies from 9 to 13 members.

The Manning Betterment Foundation has taken on a number of projects in the community over the years and during my initial visit in the spring of 2012, the group had several on-going projects. I chose to focus on their recently completed project, finding someone who would be willing to open a variety store in the downtown after a chain retailer closed.

### 5.8.3 The group works to maintain a variety store within the community

At the time of the Manning Variety Store project the governing board included two bankers, a telecommuter, the Manning city clerk, the Manning mayor, an insurance salesman, two area farmers, a manager at a local company and school board member, a Hospital board member, the Manning Housing Agency Manager, the Manning Hospital CEO, and a retired business owner.

Manning Betterment Foundation President Kevin Boyle, Senior Vice President at Templeton Savings Bank branch location in Manning, received a letter that Duckwall-Alco, a chain of variety stores located in rural communities would be closing all 44 of its locations. The Kansas based company made the announcement in December of 2011; there were three stores in Iowa, including one in the community of Manning. That day Kevin Boyle called a meeting among members of the governing board to address the situation. The Manning Betterment Foundation had worked to attract Duckwall to the community nearly 15 years ago. The company had wanted a building to lease, not own, and so the Manning Betterment Foundation had purchased a suitable property on Main Street and become the retailer's landlord.

Manning supports a small number of retail businesses including a pharmacy that carries some gift items, a consignment clothing store, a second hand store operated by a non-profit in the city of Carroll, a liquor store with some additional retail items, a home interior store, and two appliance stores. The Manning community supports a grocery store owned by a couple who have grocery stores in five other small communities in Iowa. The variety store filled an important role in this mix by providing a limited selection of a large number of household items. Manning is approximately 30 minutes from the city of Carroll, and residents in the community value having as complete a community as possible and have worked to provide spaces within the community that meet residents' needs.

The Manning Betterment Foundation was motivated to find a replacement store after Duckwall closed. Not only as the building's owners but also because the city and the Betterment Foundation have worked to build a number of low income housing units near downtown for the city's elderly population.

Many of these seniors have limited or no access to travel to Carroll regularly and they rely on the businesses on Main Street for all of their shopping needs. The Manning Betterment Foundation did not solicit advice or support from other organizations in the community or the county. Instead the group started approaching other chain retailers to seek other potential owners for the store. All of these store chains declined to come.

After additional meetings, the group realized that any new store might try to have a more diversified product selection, and the group did not want to bring in a competitor for the town's grocery store. The group began to look more locally for a new owner and approached the town's grocery store owners, Garrett and Patti Littlejohn. The Littlejohns have owned Manning Food Store for 18 years, and they own three other grocery stores, all in small rural communities. The couple resides about an hour from Manning in neighboring Guthrie County in a rural area, and they appreciated the Betterment Foundation's concern. They met with the Betterment Foundation and discussed the idea. The Littlejohns recognized that the vitality of downtown Manning impacts the vitality of their grocery business, and they agreed to lease the space for a general merchandise business. However, they had never operated a variety store before, so they asked for some assistance from the Betterment Foundation.

#### 5.8.4 Fundraising for the new store

The Littlejohns said that if the Betterment Foundation would make an initial contribution, they would purchase inventory, hire employees, and open the store. In a separate meeting, the governing board chose to solicit \$500 commitments from residents and business owners within the community through a face to face ask. Two members opted out of the fundraising drive but continued to support the project in other ways. The other 11 members took a Manning phone book and started compiling a list of potential donors. All 11 members made a personal contribution to the Betterment Foundation of \$500 towards the effort. The members then divided the list of names based on personal connections, and each member sought ten people who would donate \$500. The group set a goal to raise \$55,000 for the project. Members said the group chose to solicit \$500 because they thought that many people they approached would see the value in maintaining the variety store and that \$500 would be a reasonable donation amount. Members would accept donations of any size, but time was an important factor. The group wanted to raise the money as quickly as possible in order to get the new store up and running soon after Duckwall's closed.

The group raised \$51,900 in 48 days of planning and solicitation. Donors included retirees, business owners, farmers, and others. Three of the eleven members raised their target of \$5,000.

Members were asked to contact people that they knew, the hospital administrator, who was relatively new in town, relied exclusively on contacts through her employer, raising donations from fellow employees, affiliated doctors, and community board members. Another member relied on a similar strategy although he had changed jobs and relied on ties through his former position with an agribusiness. The member who raised the second largest contribution worked with her husband who owns an insurance business to find people willing to donate. Several of the members had trouble isolating a single relationship that they relied on when choosing whom to contact. One of the members is the town's mayor, whose family history dates back in the community for three generations. He is retired but active in several organizations in town and noted that he knows "just about everyone" in the community. In these cases I tried to identify the source of a friendship or an acquaintance.

Kevin Boyle raised the most money, \$12,250 in total contributions and relied on a variety of ties in the community. Boyle grew up outside of Carroll County but came to Manning to take a job in banking and to live in his wife's hometown. Boyle's wife graduated from high school in Manning along with five of the eleven board members, and she is a member of the local school board. Her relationship with the school provided Boyle access to several current and former school employees. Boyle is also a member of the local Rotary club, a frequent golfer, and an active member of the local Catholic Church. There were a number of local business owners who gave contributions under their business's name or as individuals, and in some cases did both.

As the building owner, the Manning Betterment Foundation used some of the funds to paint the interior, replace the carpeting and replace the front windows. The group then donated \$40,000 to the new owners to help in the purchase of inventory and to cover start-up costs. The store was opened for business three months after the closure announcement, and almost two months to the day after Duckwall closed.

#### 5.8.5 Future of the organization

Since the store opened in March, the owners have struggled to make a profit running the store. The Littlejohns acknowledge that being absentee managers is more difficult and they remain in conversation with the Manning Betterment Foundation discussing confidential details of their operation. The main problem is that there is a very low volume of sales at the store and the facility has little room to lower its prices to be more competitive because it is purchasing small quantities of inventory. Some members of the community were afraid the store would close at the end of the year but as of February 1, 2013 the store remains in operation.

The Manning Betterment Foundation has begun to address new projects in the community. During the summer the organization found out that its grant application to the Section 202 Supportive Housing for the Elderly Program for low income senior housing was approved. The Betterment Foundation wrote the application and then formed a separate organization, titled Manning Section 202, to oversee the construction, and this latter organization will own the housing complex. Manning Section 202 will partner with the Manning Housing Agency, which will manage the facility. Kevin Boyle also serves as the president of Manning Section 202 and serves on the committee with three other fellow Betterment Foundation members. The organization broke ground on the housing complex on June 30, 2012.

### **5.9 Chapter Conclusion**

This chapter described the process of trying to implement eight separate rural development projects (see Table 5.1). In each narrative, I described how individuals in the community decided to start a project, who they pulled into their social network, who they relied on for financial contributions or volunteer labor or special expertise, what the social network accomplished during the course of the project, and the continuing actions of the main actors in the network. In the next chapter I will summarize five stages of each project through a set of tables. The tables emphasize the types of ties used, the asset ownership and class of the involved individuals, and individuals' access to financial resources. Chapter 6 also uses examples of other rural development projects in the four counties to show how the chosen projects were representative of other examples of local action in the respective communities and how and why each project was unique. These projects are briefly summarized in Appendix A.

## CHAPTER 6: ANALYSIS

### 6.1 Introduction

Chapter 5 presented my eight cases as narratives. As a primary unit of observation I focused on the process of implementing a development project. I draw upon 14 additional community projects, summarized in Appendix A in my analysis below. I chose to include five of these supplementary 14 cases, one from each county and two from Appanoose County, in the summary tables. These additional cases provide examples of similar phenomenon in a dissimilar county or represent a different use of social networks. I summarized individuals who were involved and actions the group took in a series of five points in a project's development: initial group, group expansion, financial solicitations, project implementation, and project maintenance in Table 5.1.

In this chapter I test each of my three hypotheses. Using the 13 projects summarized in Table 5.1, I interpret the five stages in terms of bridging versus bonding in Table 6.1 and in terms of financial capital or assets in Table 6.2. By comparing a set of such projects from low prosperity counties and a set from high prosperity counties, as explained in Chapter 3, I consider the role of bridging social capital in Section 6.2 and the role of financial capital in Section 6.3. Section 6.4 considers place attributes. Sections 6.5 and 6.6 then discuss two issues that arise from these results, the transformation of bridging to bonding ties and the differences between the quantitative analysis in Chapter 4 and the qualitative analysis of Chapter 5.

Table 6.1: An abstracted summary of each development case, with an emphasis on bridging and bonding

	Initial Group	Seeking support in project development and organization	Soliciting resources for a formalized project	Implementing a project	Project Maintenance
Centerville: Build a resort lodge	bonded by joint experience/ motivation	Both	Both	Bridging	Bonding - within group
Moulton: Attract a rural call center	high bonding	Both	Both	Bonding, hired labor	Build company ties
Leon: Rebuild county hospital	Bridging - elected to serve, common interest	Navigated all major social networks in county	Bridging - relationship with externally owned bank Bonding-auxiliary	Bridging - hired labor	Improve ties to community
Lamoni: Create a biodiesel company	Bonding capital - area farmers, Graceland affiliates	Bridging - former employee, lawyers, consultants	Bonding - investments by board; Bridging - investors in county and other states	Bridging - Ties with Clarke County	N/A
Humboldt: Expand housing stock	Bridging - new relationships/ common interest	Bridging - institutional based ties	Both	Bonding - within network resources	City Administers Project
Livermore: Summer event	Highly bonding	Mostly bonding, some bridging	Bridging - market event widely to attract spectators, mixed bonding - other organizations, individuals	Bonding - within network resources	Maintain bonds
Carroll: Attract high tech manufacturer	bonded by joint experience/ motivation	Bonding - within network resources	Bonding - within network resources	Bonding - within network resources	Build company ties
Manning: Retain general retailer	bonded by joint experience/ motivation	Bonding- within network resources	Mostly bonding, some bridging - relied on member's ties	Bridging ties with grocery store owner	Build company ties
Other examples of social networks in the communities					
Glidden/Carroll: A non-profit for disabled adults	high bonding	Bridging - common motivation	Both	Both	Public support
Humboldt: a statue to a local hero	Bridging ties	Both	Both	Bridging	None
Exline/Centerville: historical preservation	bonding ties of a former resident	bridging ties to a local agent	no ties required	bridging - business/work relationships	Cline's bonding ties
Centerville: Trails at Lake Rathbun	bridging	bridging	bridging	bridging	New projects
Leon: Improving community	Both	Both	volunteer labor	Both	bridging

Table 6.2: An abstracted summary of the development cases with a focus on asset ownership

	Initial Group	Seeking support in project development and organization	Soliciting resources for a formalized project	Implementing a project	Project Maintenance
Centerville: Build a resort lodge	upper-middle class professionals and asset holders	institutional participation, mixed incomes, fewer asset holders	state government, donations by upper-middle income, institutional services	institutional services, contracted labor	institutional services, ongoing fundraising
Moulton: Attract a rural call center	middle class asset owners	wealthy individuals, skilled professional	county development funds	volunteer labor, hired contractors	volunteer labor
Leon: Rebuild county hospital	middle class, some professionals				
Lamoni: Create a biodiesel company	upper to middle class landowner	upper-middle class land owners, professionals, hired labor	upper-middle class asset holders in Decatur and beyond	hired labor, landowners & asset holders 2 counties	N/A project was not fully implemented
Humboldt: Expand housing stock	elected city official	upper-middle class professionals and business owners	federal government, county and city donations	stayed within network, hired labor, city services	city services
Livermore: Summer event	middle class, retired	middle class	all income classes, limited business donations	depends on several volunteer organizations	maintain ties within network and external to network
Carroll: Attract high tech manufacturer	upper class, assets, professionals	stayed within network	stayed within network	stayed within network	relationship ties not financial ties
Manning: Retain general retailer	business owners, professionals	stayed within network	upper and middle class donations and business donations	hired labor, volunteer labor	unknown
Other examples of social networks in the communities					
Glidden/Carroll: A non-profit for disabled adults	mixed income	business owners, community leaders with ties to wealth and management skills	8 county outreach to upper and middle incomes	multiple- fundraising campaigns, strategic management	federal payments, annual fundraisers hosted by business community, board of directors
Humboldt: a statue to a local hero	Outsider	working individuals - middle incomes	business owners, mixed income wrestling community	local contractor, hired labor	Transferred to city parks dept.
Exline/Centerville: historical preservation	wealthy individual	need management skills not wealth	N/A	hired labor	the overall economy of the community and tourist spending
Centerville: Trails at Lake Rathbun	elected city official	business owners, mixed income residents interested in trails	federal government, support of state and federal agencies	volunteer labor, hired labor, institutional services	volunteer labor, institutional services
Leon: Improving community	business owners, labor	business owners, employees, general public	business owners - in kind labor, donations	business owners	business owners and general public, city council



Table 6.3 Summary of some of the financial resources available and general characteristics of economic development groups

More Prosperous				Less Prosperous				
Characteristic	Carroll	Manning	Humboldt	Livermore	Centerville	Moulton	Leon	Lamoni
Banks	3 local banks, 1 regional Iowa	2 local banks	2 Regional Iowa banks	None	1 Local	1 Regional Iowa	No locally owned banks - but bank participation, and some ties to a local bank in another county	
Municipal Utilities	Water	Electrical/gas, water	Regional REC locally	Water, Cable	Regional water	Telephone/internet, regional water	regional telephone/internet	water, electricity
Newspaper	yes	yes two	yes several	no	Syndicated	yes	yes	yes
Large Employers	1 local, 1 Iowa based, 1 national	No	local mid-sized companies	consolidated grain co-op	2 National	no	no	Private College
Chamber of Commerce	Joint Organization with single director	Main Street business development subcommittee	More events focused, re-evaluating	None	Events focused, health initiative	none	Small initiatives, refocusing	More events focused, re-evaluating
Private Inv. Group	Yes	No	No	No	Yes	No	No	No
Current ED challenge	Attracting qualified workforce	Assisting local business's profitability	redeveloping a brownfield into additional industrial park space		Local trust, job creation	increasing # of school age children	Fill vacated buildings	Small business entrepreneurship

## 6.2 Hypothesis One: Bridging and Bonding Ties

I adopted the distinction between bridging ties and bonding ties, as discussed in Chapter 2, as a way to measure the differences in how prosperous and less prosperous places used social capital. Putnam (2000) and Safford (2009) both provided evidence that the resilience of an economy can be attributed in part to a population having and using more bridging ties. As the authors explain, when social capital is restricted primarily between people who know each other this capital has access to fewer financial and human resources. Furthermore, if a community's social capital is concentrated among a small group or groups of closely tied individuals, when a shock occurs these groups will have less at their disposal to combat the stress of the shock. It is a compelling thesis. Other theorists also support the distinction between bridging and bonding ties as a useful way to understand different forms of social capital.

Table 6.1 contains the same information as Table 5.1 but in a distilled analysis of the relative use of bridging and bonding ties at each of the five stages. In my analysis below I collapse these five stages into two, the bridging and bonding ties embedded in the initial group and the bridging and bonding ties accessed during group expansion and project implementation. Throughout this analysis I consider two things: the overall amount of bridging and bonding ties used during each project and how the stock of social capital in each initial group leverages additional resources. I reserve a discussion of the ties used to access financial capital for section 6.3 below.

### 6.2.1 Social Capital in Initial Group

Many of the initial groups have a number of bonding social ties in the eight primary cases and the other five summarized in Table 6.1. People in two of the eight primary project initial groups were tied exclusively by bonding capital. The three couples who started Team Livermore over a series of conversations at a local tavern and the group of four friends who started the Moulton Economic Development Association over repeated morning coffees. These two cases best fit Putnam's definition of "bonding" social capital. They identified themselves as friends and they interacted frequently and in most cases for more than one reason. Some of the lead individuals had deep ties to the area as multiple generation residents. Some attended the same high school, but always in different graduating classes, and some of the individuals attended the same church. The initial groups of both organizations also include people who have moved into the community as adults. The members were in the same socioeconomic class, and they joined the organization with a common goal. One person initiated Southern Iowa Biodiesel and one person New Hope Village in Carroll. In these two cases that person

initially reached out to close friends to form a group of individuals. These bonding ties were based on shared religious affiliation and friendship.

There were relatively few examples of projects that resulted from an initial group that only loosely knew one another and therefore had only a few minor bridging ties between members. The Appanoose County Trails and the Betterment or Bust (B.O.B.) groups are two recent such examples. In both cases, the groups attracted people from diverse backgrounds in the community. The formation of the Humboldt County Housing Development Corporation is another. In 1997 the Humboldt city council was reacting to concerns from the general public that the community couldn't provide enough housing options for the population. Some apartment buildings were in disrepair and the community's manufacturers were expanding and hiring new workers from outside the community who couldn't find available housing for sale.

These three organizations arose from a call to action around a specific issue that was widely advertised to the broader public in an effort to seek volunteers and members. Each of these organizations has had a relatively stable membership for at least two years, and each organization has undertaken at least two development projects. These organizations started with individuals who were only loosely associated and who came from a combination of different socioeconomic classes, different ages and tenures in the community, and different statuses as laborers, owners, or retirees in the community. Below in section 6.2.5 I question the classification of these ties today.

One of the projects was initiated by someone who lived outside of the community. The impetus for the effort to erect a statue of Frank Gotch in Humboldt came from a sports historian and writer who came to the community to give a presentation promoting a recent book he had finished about the local hero. He challenged the community to do more to recognize one of the greatest wrestlers in modern times. Individuals in the community, mostly with some tie to wrestling decided to start organizing.

The initial groups in five of the other thirteen cases cannot as easily be classified as wholly bonding or wholly bridging. I discuss these examples grouped into three separate categories in sections 6.2.2, 6.2.3, and 6.2.4 below.

#### 6.2.2 Participation based on asset ownership or asset management, combining bridging and bonding ties

Local economic development groups initiated four of the thirteen projects in Table 6.1. These projects originated from the Rathbun Resort Lodge, Inc., the Carroll Area Development Corporation, the Manning Betterment Foundation, and the Leon Chamber of Commerce. Many of the members in these organizations have similar positions in the community as owners or managers of assets in the

community, but they were drawn to work together not out of friendship but by common motivation. I have labeled these ties as “bonded by joint experience/motivation”. These types of organizations are often important initiators and participants in economic development projects and are therefore also the recipient of external incentives for collaboration and intervention programs. Understanding how these organizations function across communities is important, but it is not readily apparent how these organizations fit into a distinction between bridging and bonding social capital.

The individuals who are asked to make up a board of directors for an economic group usually include bankers, realtors, major employers, utility company representatives, newspaper owners, and other professional business occupations. Examining the primary actors in these examples and their ties to others in the group, it is hard to call the associations among these individuals wholly bridging or bonding. Among the eight communities, there is a disproportionate presence of some asset areas. Community size explained some of this difference. Carroll, with nearly twice the population of Centerville, and Humboldt had the most asset owners. However, comparing Humboldt to Centerville and comparing Manning to Leon and Lamoni revealed that the total amount of financial capital in a community and who owns that capital also matters.

I focus on four categories of actors to explain these differences: bankers, newspaper editors, skilled professionals, and utility representatives. These economic development groups often include representatives from government institutions: city administrators, county boards of supervisors, hospital CEOs, and school district superintendents. Some of these professions are likely to bring in talented outsiders who moved to the community for the job opportunity. As the individuals in key positions change, personal motivations and interests change as well. From job holder to job holder, these positions may be less focused on or interested in development, but their ex-officio status in the organization can still be used to disseminate information. The implication of ex-officio positions in economic development organizations is explored in section 6.2.3 below.

Across the eight communities, local bankers were the most likely to be active and involved in these organizations. Five of the eight communities still maintain at least one locally owned bank and universally these institutions encouraged their employees, especially senior employees, to become members of economic development groups. These institutions have varying opinions about how far they encourage employees to be involved in economic development activities, but most were very willing to let the employees use the bank facilities, supplies, and sometimes office support staff as they pursued projects and met the daily demands of their job. Senior bankers were used to access capital through bank loans or outright donations. These individuals can also calculate a project’s future profitability and

they bring knowledge of other available financial packages. The bankers I met each had their own, in cases overlapping, regional organizations of bankers. Senior bank officers attend regular meetings with bankers in similarly sized organizations and share concerns, strategies, and other pieces of information. These networks can be relied upon to fund larger projects with regional impact as in the case of building a resort lodge on Lake Rathbun.

Newspaper editors and school superintendents are often asked to serve on economic development organizations. Six of the eight communities still have locally owned newspapers, and in many cases the editor was a member of the economic development organization. In Carroll County, it was the newspaper editor who made first contact with AirCover Industries and pitched the idea of moving to Carroll to the owner. Appanoose County's *Daily Iowegian* is now part of a syndicate, but the former editor was an engaged citizen who participated in multiple community organizations. In Humboldt County, the family owned newspaper strives to create a positive atmosphere for public debate. The paper does not publish editorials, and the paper has reporters seek out human interest stories from around the county. The paper also produces a monthly magazine, which includes a letter from the mayor. In the smaller communities the newspaper staff was less likely to be involved in the economic development group, but these groups often are in regular communication during the announcement of projects. Brooke Sutherland, the relatively new editor of the Lamoni Chronicle, found her job also included a seat in the Lamoni Economic Development Corporation. She had never been involved in an economic development group before but said the group gave her an opportunity to meet more people in the community and see a new side of the community. Newspaper editors are one group of individuals who historically were known for their involvement in local economic development organizations. Today, with changing market conditions in the industry, there are fewer locally owned newspapers. Furthermore, depending on their personal history and interests, these individuals bring different skill sets to organizations.

The ties an organization had to local contractors, construction firms, and engineers were also important. Like bankers, these individuals have a unique set of skills, tools, and access to materials that make their involvement in local development particularly important. There were numerous examples of engineers, contractors, and landscapers who have donated or been paid for their skills and materials through various community efforts. For example, in the combined urban area of Humboldt and Dakota City there are several locally owned contractors and construction companies. These families have historic ties to the community and have been involved in what appeared to be nearly every major construction or rehabilitation project. These companies have donated time, labor, or have discounted

materials for the three public works projects I mention in Appendix A: the construction of the family aquatic center, the athletic boosters' club multipurpose room and sports complex entrance, and the Frank Gotch statue. These companies are not represented on the Humboldt County Housing Development Corporation's board, as buyers design and build their own homes, choosing their own contractors. Building construction expertise is not needed for the board's duties. Several organizations saved time during a project's implementation stage by using existing bridging or bonding ties to local skilled construction labor.

Another important tie to have during a project's implementation is the support of utility companies who have provided significant in-kind contributions to projects. Large corporate utility companies offer economic development aid and programs for significant projects that add to the utility's load, but local companies often have much more flexibility and discretion in their budgets. Surprisingly, nearly all of these communities had at least one locally owned utility. Local utilities need to be well managed in order to create the types of surpluses that allow them to become active partners in development.

The community of Manning is particularly well positioned in this regard because of strategic decisions made by early leaders. The community sent leaders to Washington D.C. to gain government approval and the community started their own natural gas company in 1961. Ken Spies, the current natural gas manager said,

It's a constant battle between municipals and privates. We started out very slow. As the years passed both of the utilities [electrical and natural gas] got very big. They were on the cutting edge of getting new ideas in the utility business. ... Whether you are from a private or a small town, the reason it is good to have your own municipal is that you can keep the money in town, but you also have to have the ability to run them. It is not an easy task to run a municipal anymore. The rules and regulations we have are very strict especially on the gas side.

The Manning Municipal Light Office has donated labor and supplies during several major construction projects, and the company has buried all of the electrical lines on Main Street.

In the construction of Honey Creek Resort Park, three regional utility companies provided close to half of the area's required \$4 million contribution to obtain funding from the state legislature to start the project. In Lamoni, the Southern Iowa Biodiesel Company negotiated with two separate utility managers to show the value of the plant to the company's operations. These ties were important in both northern and southern Iowa.

Among the members of economic development organizations in each community, there were both bridging and bonding ties. Community size and ownership of assets and institutions in a community affected who was interested in joining these groups. The owners and representatives of capital in a community can be closely bonded if businesses are passed through generations and remain locally owned. This group of people is only one component of most economic development organizations. Other actors include local utilities managers, senior bank officers, school superintendents, hospital CEOs, a hired economic development director, city administrators, and county boards of supervisors. This second group of people can encompass more diversity in community tenure and assets. People who move into the community possessing certain skills are likely to fill these positions. The ties between individuals in these organizations appear to be bridging ties motivated by similar capital interests. In section 6.6, I explore the idea that when membership in any organization is stable over time, and those members undergo multiple development projects, bridging ties may strengthen into bonding ties.

The fifth example that doesn't fit into a wholly bridging or wholly bonding definition is the substantial repeated investments in historic structures in low prosperity Appanoose County. Morgan Cline grew up in the community but has not lived there for several decades although he makes at least one visit annually. He has amassed a considerable personal fortune and is reinvesting in the county. His projects are completely privately funded and require little social capital. To the extent that he prevents buildings from falling into disrepair his efforts indirectly support a number of other organizations.

### 6.2.3 Institution Based Bridging Capital

The city government was involved in initiating two of the thirteen cases described in Table 6.1, the Humboldt County Housing Development Corporation's creation of new housing and the effort to build the North Shore Trail at Lake Rathbun. The city government also solely initiated and implemented one of the cases in Appendix A, the urban redevelopment of Carroll's downtown. In ten of the thirteen cases of development projects in Table 6.1, some governing body was consulted during the project's development and organization. In addition, eight of thirteen cases sought local, state, or federal money during a project's implementation. The need for financing, approval, or in-kind services has led many organizations to find ways to communicate with county officials, city officials, the state government, or the federal government. Receiving input, financial support, and approval can require different amounts of communication. These needs require a core group of people to use their bridging ties or make new ties to individuals in various government positions. As mentioned above, ties to state and federal

agencies are nearly always bridging, and even ties to local city administrators, mayors, and county boards of supervisors can be bridging in these communities.

A consistent theme that emerged from elected county boards of supervisors is how dramatically their positions have changed in the past 10 to 15 years. In the rural counties I visited, typically farmers ran for election to the county board of supervisors because as one supervisor said, "Our job used to be roads and weeds." The four case study counties still dedicate over half of the county's budget to maintaining county roads and secondary roads and their corresponding roadside ditches. Now supervisors are also asked to divide up membership responsibilities in a number of county and regional organizations to address mental health, sanitation, seniors and aging, and a number of other issues. The three or five member boards are also pulled into economic development projects to provide county support or resources, to sign off on grant applications, or to serve on county or regional community foundations responsible for dispersing funding collected from gambling revenues in the state. This expansion of duties has brought supervisors into new groups of people and has created more of a regional dialog around particular issues of development. This has led to bridging ties between county board of supervisors members and economic development directors in other counties. It has also brought county supervisors much more to the center of project oriented social networks within a county. Depending on the county's budget, supervisors have some discretionary funds that can be spent on development projects, and they can provide access to regional funding and services through their positions on various boards.

City administrators are another important actor during local development, and many organizations have created ex-officio positions for these job holders. Larger organizations also have roles for mayors and hospital CEO's. The economic development organizations in Carroll, Manning, and Lamoni have large boards, unlike the organizations in Centerville, Moulton, Leon, and Humboldt. Whether the organization is small or large, these ex-officio roles ensure the group has repeated contact with people who are more likely to be unaffiliated through bonding ties with a particular organization's objectives and existing membership, thus institutionalizing bridging capital. These jobs can represent a core of professional positions available, especially in a smaller community. All four counties were involving new people in the community who had moved in to take a professional position (e.g., economic development directors in Humboldt and Carroll counties; hospital CEOs in Manning, Decatur County, and Humboldt; Army Corps of Engineers Project Managers in Appanoose County; regional electric cooperative in Humboldt; school superintendents in Humboldt, Leon, and Moulton). Beyond



being an involved member, several of these individuals were instrumental in providing a new set of skills or a particular passion to their involvement in a project.

Other times the ex-officio roles in organizations taking on projects involve people who represent a mix of a bonding and bridging ties, when the individual is already in the county for another reason or is seeking to return and waiting for a job opening. City administrators and other professional positions in formal institutions were spouses of individuals who grew up in the community, and through their spouse these newcomers have both bonding and bridging ties. As someone who is committing to live in a place longer term, as many returning spouses indicated, they might also have more of a vested level of interest in seeing the community thrive than people who move into the community for a job. Examples from my projects included the city administrator in Humboldt and the Vice President of the hospital in Appanoose County. These positions also help resident couples stay in the community and maintain existing networks. I also found examples of these jobs providing someone a more stable or better position (e.g., Appanoose and Decatur County Economic Development Directors). In one case, an opening as the city administrator in Centerville made it more convenient for a highly skilled woman to return to her community to care for her aging parents. In Carroll County these ex-officio roles also introduced more gender diversity to the boards of organizations in both Manning and the city of Carroll.

The first set of examples confirms former observations that forming bridging ties can provide access to new skills, ideas, and knowledge. The second set of observations also suggests that bonding capital in a community can provide local social networks access to new bridging ties through the newcomer spouses of people who grew up in the community and through the expanded social ties of each resident who has left and then returned.

Some projects have required cooperation with other branches of government. The example of building a dam and later a resort on the shores of Lake Rathbun required the coordination of a local organized group of citizens, a state and a federal agency, the support of the governor's office, and a majority vote in the state legislature. In this case, local residents had to form new ties with local employees of these organizations, who were not from the community, in order to expedite certain aspects of the process. In the pursuit of improving local assets, some of which are under state control, residents are required to work with state officials. This is one example of how some development projects require residents to use bridging social capital or form new weak ties as a project seeks the support of the county, the city, or a state or federal agency.

#### 6.2.4 Organization Based Bridging – Bonding Social Capital

Another example of a mixed application of bridging and bonding social capital in a rural development project is when an organization takes responsibility for certain areas of the community. Some organizations determine membership by public election, such as the Decatur County Memorial Hospital Board of Directors, or by appointment, such as the Parks and Recreation and many other city boards in each community. In the rural communities I visited, city administrators lamented the challenge of finding enough people who were interested in serving on the city's various committees. These positions can certainly produce a type of sorting effect, indicating that it might be likely to find some bonding ties among people on these boards. In the example of the Decatur County Memorial Hospital, a major decision drove new people to run for public election to the hospital board. The resulting board represented fewer communities in the county but came through a process that initially strained the organization's internal ties. After the decision not to move the hospital was finalized, the board slowly readjusted to a make-up similar to that before the controversy. After the most recent election, some veteran members chose to step down, and new people were elected.

Voluntary membership from people who have similar interests drive other organizations, including members of each hospital auxiliary. New Hope Village is an example of a core group of people who knew each other from living and working in the town of Glidden. However, the initial actor in this story was not from the community originally but had moved to the community to take a senior position in a bank. The project became successful in part because of this man's ability to build interest among his friends and then this group's ability to draw in outsiders from the city of Carroll who believed in the mission to provide a learning and living environment for disabled adults. The expanded board of both the original bonded group and their bridging ties to others then embarked on an eight county fundraising drive that relied on the board's combined bridging and bonding social capital. During the fundraising process the group established a lot of new bridging ties with individuals who could relate to the organization's core mission. The organization relies on thousands of hours of volunteer service at the central facility and at four thrift stores in the county and continues to create bridging ties in the community to the organization's central mission.

#### 6.2.5 Conclusion about Bridging and Bonding Social Capital Distinctions

I found insufficient evidence among these projects to support the hypothesis that prosperous places are more likely than non-prosperous places to access bridging ties. Prosperous and non-prosperous places are using a combination of social capital structures across my sample of development

projects. Furthermore, the distinction between bridging and bonding ties breaks down in a dynamic community setting. Project based social networks draw together people with diverse motivations and identities. Many projects originate from bonding ties, but when they are implemented through established organizational structures, the processes include bridging ties as newcomers and other residents in ex-officio positions join the network. Groups often relied on bridging ties to find capital and government approval during a project's implementation. In my cases, in both prosperous and non-prosperous counties, residents used both bridging and bonding ties, and there was no evident difference in the use of bridging ties.

### **6.3 Hypothesis 2: Financial Capital**

In this hypothesis I integrate an analysis of how the need for financial resources and group member's personal financial resources and ability to access additional financial resources impacted the function of social capital networks in prosperous and less prosperous places. I hypothesized that prosperous places accomplish more through local social networks not because of the use of bonding versus bridging ties in those networks but because prosperous places have more access to capital within those networks than do the networks in less prosperous places. Therefore, I would expect to find social networks using different strategies to obtain financial capital in prosperous places than in non-prosperous places.

#### **6.3.1 The ties used to access financial capital**

I first focus my attention on how each of my eight cases was funded and how participants accessed funding, which is summarized in Table 6.2. I also consider the level of financial resources available in the community and the personal wealth of the participants in each project. In this analysis I consider how people used their collective stock of bridging and bonding social ties to find resources. If a group made a connection to a new individual that no one in the group knew, I consider this new connection to be a return to the individuals' collective social capital. Making this new connection does not replicate links in existing bridging or bonding capital; but results from the action of someone in the initial network. When this method of pursuing funding is successful, it is a financial return to the value of the initial group's social ties. Some ties that are accessed for financial resources also provide social network returns to the original network's social capital stock when funders become invested in the project's implementation or provide the initial group access to other individuals.

Three of the eight primary case projects did not require the initial group to reach out to fellow community members for financial support for a project's implementation. In the Leon example, as a publicly elected body, the hospital board could decide to build a new hospital and could choose where to locate the hospital. The county's citizens, particularly those around the town of Leon, were very vocal in expressing their displeasure and completely changed the board's process. During the second attempt to implement the project, the board relied on a bank loan and members of the general public when it established a foundation. The Carroll Economic Development Corporation relied only on a small number of members to offer resources and sell the advantages of the area to AirCover Industries. The initiating group purposely kept the process confidential during the financing stage. The housing non-profit in Humboldt County relied on competitive federal grant applications, which required obtaining knowledge made publicly available about federal policies and deadlines, but did not require any special relationship to be formed between members of the initiating group and the federal government. The group also relied on the continued support of the city administrator, city council, and school district.

The five cases in which the initiating group did rely on seeking external funding from their communities and other sources suggest a pattern in the use of bridging and bonding capital that differs based on a community's prosperity level. In the two less prosperous counties, three projects relied on making new ties. In the prosperous counties, two projects relied on local capital.

The Southern Iowa Biodiesel Company and the Rathbun Lake Resort, LLC had to rely almost entirely on accessing financial capital by forming new relationships. Southern Iowa Biodiesel raised approximately one-twentieth of the money the project needed from mostly bonding and some bridging ties within the county, and the group used a multi-state stock offering to raise the rest. The project ultimately failed when the group could not raise enough financial capital quickly enough to meet changing market demands and get their project off the ground in a timely manner.

The Rathbun Lake Resort group relied on the group's combined ability to make new connections. First the group contacted other private hotels. After the Iowa Department of Natural Resources selected the site, the group relied on their ability to make their case to the state legislature. In the pursuit of this second effort the initial group called upon additional bridging ties to a former resident who now worked as a lobbyist and a recently retired lobbyist who moved back into the community. This group used bonding and bridging ties to organizations and businesses in two counties to raise four million dollars for the project locally. Financing the project from bonding ties was never feasible.

The Moulton Economic Development Association used both bridging and bonding ties almost equally in its solicitation of financing. Half of the money for the project came through bonding ties, but the other half came from bridging ties to county wide organizations and the group's ability to pitch their case.

Among the more prosperous counties, The Manning Betterment Foundation relied on bonding ties to family members and friends in the community to raise money for their project as well as bridging ties to business relationships and employers. The group raised enough money for the project without establishing new connections. Originally the group looked for an external solution to the problem and contacted other chain retailers but this effort was unsuccessful.

Team Livermore relies on both bridging and bonding ties. Members first relied on local fundraisers but have now found a way to bring in revenue from outside the community while continuing local fundraising for other purposes. The original effort to bring the band to the community took extensive local fundraising. In successive years, the organization has relied mostly on ticket sales to people in the county and the larger region from the previous year to cover the band's expenses. After the organization had an established revenue stream for the concert, the group expanded their organizational mission to small infrastructure projects in the community and offering small donations to support social events in Livermore. To support these new efforts, the organization has written applications to the county community foundation and has continued hosting a number of fundraising events in the community.

These five development projects that required outside funding are not a wholly representative set. The projects in the northern county communities of Manning and Livermore were smaller than the projects in Landoni, Centerville, and Moulton. I looked at each of the sixteen additional examples to test my hypothesis that less prosperous places rely on more bridging social capital to obtain sufficient financial resources. I found two potential primary causal mechanisms at work. The first is that social networks in more prosperous counties have more actors with personal access to more financial resources. The second is that the social networks that address development projects in more prosperous counties appear to be more stable because they are more likely to be embedded in formal organizations. Related to this second point, social capital networks in less prosperous counties have more frequently been asked to address the threat of losing an asset in the community. I explore these causal mechanisms below.

### 6.3.2 Total Financial Resources

A difference in financial resources has several institutional and social network effects. A community's overall wealth and its distribution affect who is at the table of civic driven development. Wealthier communities have a wider range of potential partners (See Table 6.3 below). This extended list of business owners, bankers, professionals, skilled tradesmen, and retirees in a community who all have surplus wealth potentially available for reinvestment in the community makes it easier to finance projects locally. These individuals also bring special skills to organized groups within the community: financial forecasting, experience in business management, free advertising in local newspapers through extensive story writing about a project, as well as in-kind donations that can also be leveraged for grants.

The Northern Counties both had active groups of local owners of small to medium sized firms. These individuals provided leadership, financial support, and business expertise to their respective communities and organizations. In Humboldt County, there is a core group of small manufacturers that are mostly family owned. These firms provide leadership in various organizations in the community and respond to local requests for fundraising in a variety of projects. There are multiple businesses that have made donations of \$20,000 or more for a single project, and collectively these industries have had a significant effect in maintaining and building the community's recreational assets. In Carroll County, Farner-Bocken, the largest employer, a family owned business, has shaped the city of Carroll. The CEO of the company served as the town's mayor and led the effort to revitalize the downtown and build a new courthouse. The company continues to expand locally and is an active philanthropist making several community donations and encouraging employees to volunteer. As the company expands it is also building other facilities in neighboring states.

The less prosperous counties have fewer people in local institutions and locally owned companies who could participate in decision making. Decatur County no longer has a locally owned bank, although one of the prominent banks can trace its history of consolidation to the former local bank. In Appanoose County there is one truly local bank that now supports three facilities, all within the county, and one multicounty bank whose owners grew up in Appanoose County. These two banks are each invested in local growth but have not significantly partnered on a single project. Both bank owners have an interest in the community of Centerville, but the town is only a central interest to one of the banks.

In comparison, Humboldt County has an active collection of bankers who take leadership positions on many different committees and organizations. All of these banks in Humboldt County have

now transferred ownership to larger regional banks based in Iowa or in one case to a national banking company, US Bank. The banks that are still owned within the state of Iowa behave like local banks in the other communities by encouraging senior staff members to take on leadership roles in the community, by making donations to community projects, and by sponsoring community social events. During the Frank Gotch statue project, for example, all three regional banks made the same level of donation while the US Bank branch purchased a smaller stone. Similarly in Carroll County, bankers are prominent supporters on a variety of projects and the county supports five locally owned banks. The banks enjoy both a collaborative and competitive relationship. For some projects, one bank will take more of a lead, providing key personnel support and financial contributions while the other banks only become involved in the project when it is in a fundraising stage, depending on the banker's personal interests.

Total financial resources also affect a local municipality's capacity to participate in the completion of projects. Places with more wealth have a larger tax base and a wealthier public sector. In less prosperous places people were motivated to act when municipal services can no longer be appropriately funded. The parks departments in Appanoose County are a good example. The mayor of the county seat formed an organization called Friends of the Park to address maintenance issues in the city's parks that the city budget could not cover. Another grassroots organization became involved, and over time the two organizations have cleared weeds and bushes and trimmed trees that had made parts of the park unusable, improved the existing disc golf course, repaired the badly damaged tennis courts, and are contemplating improvements to a shelter space. In contrast the city of Humboldt is full of beautiful and well maintained parks that offer playground equipment, gazebos, new park benches, and other amenities funded through taxes. In Leon, the new president of the Chamber of Commerce is advocating street paving in the community. Many of the city's smaller residential streets and alleys are graveled, which creates a lot of dust. At this point, the Chamber is addressing smaller problems in the community using volunteer labor and has not yet addressed how to fund a larger infrastructure project.

All four of these counties have participated in federal grant and loan programs and have obtained new fire stations, sanitation systems, library improvements, and elderly and low income housing developments among other projects. Many of these grants and loans have come from the United States Department of Agriculture. Communities in both northern and southern Iowa were applying for and receiving these grants or considering doing so. These grant and loan programs create their own hurdles for social networks in the community. The Moulton Economic Development Association abandoned plans to apply for USDA funding after realizing that they needed to be organized as an official 501c3 first. Securing private funding instead allowed the group to proceed while they

simultaneously submitted the documents required for non-profit status. The organization became a registered non-profit on the same day they broke ground for the building's construction. The hospitals in both Manning and Decatur County applied for USDA loans within the past two years to finance the building of new hospitals. Decatur County's project approval was reversed due to the national recession and an international bank in the community funded the project. Decatur's previous hospital, unlike Manning's, was historically significant. If the community had used the government loan, they would have also been required to find a buyer for the 1931 hospital, and move it off site because the property was deemed to have historical significance.

One difference is each community's capacity to pursue other smaller or less available grants. Lamoni has several residents who have become unofficial grant writers for the community as a whole, willing to take on applications and projects for multiple organizations. The community uses grants to supplement low income in the community, to finance public programs, offer youth services, and replace built infrastructure in the community. Writing these grants takes time and certain skills that not all communities possess. In a final point about relative municipal capacity to fund economic development, as mentioned in Section 6.2.2 above, locally owned utilities are huge assets to communities who can effectively manage them.

### 6.3.3 The effect of financial instability on social capital

The counties in less prosperous southern Iowa have endured more economic disruption and resulting financial instability within city government budgets, household and family incomes, and private institutions. This financial instability has affected the structure and functioning of social networks. Financial instability increases a county's migration rates as people are drawn for work in booms and leave for other opportunities after major job losses, disrupting social networks. Instability in a community also affects the balance between public and private expectations about who funds the maintenance of community assets. Changing membership and changing priorities decrease the efficiency of social networks as organizations and individuals must increasingly rely on experimentation rather than institutional memory. Central to Safford's (2009) hypothesis about social networks and economic resiliency was the finding that the more bridging ties that exist between social and economic networks in a community, the less likely a major economic event could effectively destroy a community's ability to respond. I could not find a set of matched pair counties in Iowa that had similar resources but differential reactions to a major economic crisis. All of these communities went through the national farm credit crisis starting in the late 1970s. The degree of difference in the long term



development paths between communities in northern and southern Iowa overshadows this common experience and suggests a longer study of historical patterns of financial capital and social capital.

Appanoose County's earlier history with coal mining is the most dramatic example of the effect of financial instability. Decatur County also, more gradually and to a lesser extent, has seen the negative effects of population decline from changing economic conditions. Appanoose County and Decatur both have only marginally productive agricultural land compared to their northern neighbors. The two counties have been unable to rely on generating additional revenue from their existing asset base compared to Carroll and Humboldt and instead have been much more dependent on external capital. Agricultural production fails more often in southern Iowa. The two counties have offered outsiders a cheap non-unionized labor force and have experienced more economic changes.

Centerville's housing structures rapidly expanded to accommodate mining workers during the 1920s. Many of these individuals were renters and left the community after coal production declined. Today, the community has a surplus of housing that is poorly maintained and rented. An entire part of town, known as Swedeville since the mining days, needs dramatic rehabilitation. Some people in the community attribute the availability of cheap rental housing as an attraction for people living below the poverty line in Missouri who move over the border to take advantage of Iowa's more favorable state social assistance programs. On the other hand, the presence of coal caused the first boom in Centerville's development and generated a lot of wealth in the area. Some of it was reinvested into stone and brick buildings on the downtown square, stately mansions in the community, and other elements of the town's built infrastructure. Many people in the community are motivated to put these assets to their best use in an attempt to revitalize the community. Moulton had one early asset to capitalize on, the presence of several intersecting railroads, but the community lies in a low density region and railroads withdrew before residents had the opportunity to accumulate capital or to otherwise leverage the presence of railroads into other economic opportunities.

Leon was spared such a dramatic boom period, but the community has seen a slow decline in population, locally owned businesses, social organizations, and volunteers. The 1977 Leon business directory, created for the town's quasiquintennial anniversary, contained 121 businesses including a JC Penny, Sears, Ben Franklin, and a number of other retail and service businesses that are all now gone. Leon, as a smaller community, has different aspirations than Centerville. Its vision of better days does not include two theatres, historic hotels, and a center for culture and commerce. Instead, the community wants to be busier, have more open stores, more children in the community, a reason to look forward to coming downtown during the weekends. Decatur County has historically served as a

refuge for different groups of people who were looking for space and a degree of isolation. The county has some of the cheapest land prices in the state, and the town of Lamoni owes its existence to individuals seeking freedom from religious persecution. More recently Amish and Mennonite communities have moved into the county. Graceland University is one of the more consistently growing portions of the community. The county has witnessed a lot of population change, and new groups bring in their own customs and preferences and have created their own networks. Navigating these different groups remains a persistent challenge to volunteers and organizations.

In comparison, the northern Iowa communities have had a more consistent and increasingly productive agricultural sector. The land in these two counties has created substantial surplus capital. The counties have had a number of successful entrepreneurial residents who have launched seed corn companies, businesses that remanufacture agricultural parts, and agricultural vehicle manufacturers. These are still rural areas and people leave to attend college and many choose not to return, but the communities have always provided a more or less stable to growing economic outlook. Carroll County suffers not from too few jobs but from not enough workers. Humboldt County has experienced a lot of agricultural consolidation and the rural population is shrinking, but the city continues to grow.

As noted in section 6.2.2, the municipal governments in counties with lower total financial resources can offer fewer resources and must play a smaller role during the process of project implementation. As municipal capacity changes in response to financial instability, communities must discuss who covers the local government's duties and responsibilities that are no longer financed. In the two southern counties in Iowa these conversations were happening both overtly and through a more gradual decline. The city of Centerville originally supported the recreational center; the center was built through a large donation from a wealthy former resident, which locals matched through fundraising. When the city budgets could no longer continue to support the facility, the city presented their challenge to the public. The local private hospital agreed to take over the institution and financed its operations for 10 years. The recreation center had consistently lost money since it first opened, and the hospital could no longer afford to operate the facility. A local employee converted the facility into a YMCA, again relying on a local fundraising drive. This is an overt discussion and in this example a single piece of a community's recreational assets needed three distinct interventions by various individuals in the community in order to keep the facility operating. In Humboldt and Carroll Counties, by contrast, the local government manages the city recreational facilities and both communities have recently built aquatic centers.

The two southern Iowa counties also have examples of social networks that have recently formed to change long-term decline in city roads and parks. In both counties a decline in municipal capacity caused organizations to react to substandard conditions. Both of these counties have also received negative press from articles that point out each county's shortcomings in health measures, crime, income, and poverty compared to the rest of the state. In Appanoose County these articles encouraged the formation of two additional grassroots organizations. In Decatur County, these articles encouraged local residents to continue to look for ways to privately improve conditions. Social capital networks are being asked to take on new responsibilities that were formerly managed and financed through city budgets. Private individuals have also decided to tackle steadily declining physical conditions in the community, the exteriors of housing along major traffic corridors, the presence of discarded metal and trash in yards, and the condition of the town's infrastructure.

As individuals become engaged in projects for the first time, or as new groups become organized and begin to plan projects, the involved actors must do an amount of experimentation to find people who can offer skills, expertise, and finances for a project. In both the northern and southern counties, individuals who had more experience in project development remarked about the ineffectiveness of some new groups. Common statements included the following, "The fundraising period took entirely too long. I don't think they knew what they were doing." Also, "The group didn't have good management skills. The leaders of the organization were much better cheerleaders. They sold the community on the idea, but they couldn't execute the project." Other statements came from members within the groups. "We had never done a stock offering before, and now I know how hard and expensive the process is." Also, "We didn't really know what we were doing, so we kept making things up as we went." Experimentation can strain bonds and test the commitment of individuals in organizations; experimentation also takes more time.

Among the more prosperous counties, many of the projects were executed almost entirely through the work of the initial group. The Carroll Economic Development Corporation relied on various group members to offer resources and sell the advantages of the area to AirCover Industries. The Manning Betterment Foundation was able to raise the money for their project by using members' ties to others in the community. The Humboldt County Housing Development Corporation has implemented ten different housing projects in the community. Team Livermore, once established, continues to expand the number and variety of projects in the community, relying on the strength of the bonding ties among the original members. All four of these established organizations in the northern counties have

completed multiple projects. Also, many of the organizations have had stable membership over time built up an institutional memory aided by the fact that they have had stable membership over time.

Southern Iowa also has long established organizations. The combination of board members on the Appanoose Economic Development Corporation and the Appanoose Industrial Corporation represent an established set of ties that have been leveraged on a number of projects. Unlike their counterparts in Carroll and Humboldt Counties, the Appanoose Economic Development Corporation has more frequently had its agenda co-opted by economic crisis. The boards have had to divert their energies to crisis management situations. The leaders in Carroll and Humboldt organizations often mention how important it is for the community to be progressive and that past leaders have set an example of being progressive. As a leader in Manning said, "When I think back about our towns earlier leaders, people who are no longer with us, they were planning 10 to 20 years in advance when they made decisions. They were trying to do more than meet the immediate needs." Centerville has also had progressive leaders, but changing economic conditions can destroy an organization's plans for the future, just as increased instability complicates the effort to make these plans.

Outside of economic development organizations, there are social and civic organizations that are building history and institutional memory in the communities. Some examples include the 50 year old Leon Rodeo, the 10 year old Lamoni Civil War Days, and Safe Coalition in Lamoni founded in 1998, the Centerville Garden Club founded in the mid-1990s, and the Appanoose Historical Society which was founded in 1929, reorganized in 1968, and has owned and operated a museum in four different locations in the community, recently renovating their current facility. The finding that currently, communities in southern less prosperous communities are undertaking the creation of new organizations to address conditions is a reflection not of a lack of social capital in the population, but of the process of social capital reacting to financial capital. The organizations in southern Iowa are accomplishing a lot. Ask the cowboys who travel several states to participate in an award winning rodeo or the children who benefit from having a youth center and activities in Lamoni. See how pretty the central square is in Centerville in the summer. All of these organizations are still not able to generate prosperity in their communities; the communities lack a stable adequate financial base, which disadvantages the deployment of social capital, requiring social resources to be more reactionary to changing conditions in the community.

There is also a separate phenomenon going on among the smallest communities in this sample: Moulton and Livermore. The total number of organizations the community supported dwindled with declining populations. The city budgets of both towns are small and the towns have few employers; one

advantage is that both cities have a local utility company. Both communities were partially oriented around the social capital that came from having a local school. Livermore's school closed in 2005, and two years later local residents decided to put more effort into revitalizing the community festival and rebuild a sense of community and activity in the town. In Moulton, it was the threat of losing the local school that motivated local residents to attract new employers to the community. It was beyond the scope of this research project to measure total differences in social capital but my observations raise important questions about social capital's expression under different financial conditions.

#### 6.3.4 Distribution of Financial Resources

To supplement an analysis of the effect of differences in total financial resources, I also looked at who was involved in the initial groups, how the groups pulled in additional people and organizations during the project's progress, where the groups sought financial resources, and who was involved during the project final implementation and maintenance (see Table 6.2). In my interviews I did not collect individual information about personal assets or income, so my analysis cannot map patterns. Instead, I use personal observations about participant's lives. If they own businesses and if they mention making larger personal contributions to projects, I classify them as upper or middle class. A small number of interviewees openly talked about their financial situation, and I also incorporated this information.

I do not have enough evidence to come to a clear conclusion about the effect the distribution of financial resources has on social capital in a prosperous as compared to a less prosperous community. Instead I found additional evidence that supported my conclusions about the differences in total financial resources above. Projects, especially projects implemented by economic development organizations, tend to be implemented by people with resources in a community. There are residents in all four communities who do not have surplus additional resources but are engaging in local projects because they want to see change in their communities. Through my study I met more of these people in the southern counties. Finally, there were examples in both northern and southern Iowa of a break down in social capital when an initial group's proposal for spending taxpayer dollars failed to gather support from the wider community.

In the projects that came from economic development organizations, members of the initial group held a position of prominence in the community as a business owner or a retired businessman or professional. Within the community of business owners there is some difference in the level of assets of these owners. Among my cases, people with middle to upper incomes were starting projects. Nearly all of these individuals owned physical assets of land or buildings in the community. Throughout a project's

progression, these initial groups would rely on individuals who had special skills, city administrators, engineers, bankers, and others who may or may not have the same level of assets as the original group. Many of these people owned their own business as well. During the fundraising stage, groups relied on people who had influence and experience, people who knew who had money and how to access different sources of money. Mostly, but not always, these individuals were in a similar socioeconomic group as the original group's members. Other projects like recreational and amenity based projects have more diverse memberships. Here volunteers are more likely gathering for a shared interest in a particular asset.

All four counties have individuals with the personal financial capacity to influence local development choosing to invest in their communities. In my analysis I did not attempt to quantify what percent of people in the community were making donations through organizations. I also did not address the question of income inequality and personal investment in public goods and as such I do not address the empirical findings of others who do.

Another common observation is that social capital has to be responsive to current population characteristics. Spending on recreational amenities was an issue in three of the four counties. In Carroll and Humboldt, there was local resistance to the idea of spending too much taxpayer dollars on projects that a smaller group of people in the community use. Others have resisted large construction projects arguing that while the community may have the money to build the structures, can the community finance their maintenance. In Appanoose, the resistance stemmed from a larger concern about making investments in public recreation while the community lacks jobs. The recreational projects in Carroll and Humboldt were both ultimately successful although they required participants to rethink the way they communicated their message to the voting public. More recently, voters rejected a plan by the city to bond for a new \$7.4 million dollar library in the community. Appanoose's pool project is still on hold, but there are examples of other successful projects in the community that reflect the importance of building support for an idea. In these three cases, it wasn't who was delivering the message but how the message was being delivered.

### 6.3.5 Conclusion about the impact of financial capital on the use of social capital

In this research I have chosen to focus on the social capital that is used in communities during the implementation of development projects. This focus places a social network's ability to access financial capital as a primary component of that network's activities. In my analysis of the ties used and sought in places with both high and low financial capital, I find that understanding the link between

social ties and what each network is attempting to accomplish, here economic development projects that need financial capital, is an important part of understanding how social capital functions in a location. I offer a finding that should be further explored in other areas and across more projects. Places with fewer financial resources must rely more on bridging ties than bonding ties during the implementation of a project than places with more financial resources. In the effort to use social capital to leverage financial capital, individuals in less prosperous places often need to create these bridging ties that might provide financial capital. Relying on new weak ties in order to finance a project complicates the implementation process in low prosperity counties and requires a different set of relationship maintenance from the primary network's actors.

The relative difference in the degree of financial resources in a community could have several mitigating or mediating effects on social networks. The first is that financial capacity affects the type of local social actors available to networks. The second is that relative degree of financial insecurity also affects networks. The social networks in communities with more financial insecurity are more likely to face internal disruption as members leave the community or become principally focused on their immediate needs, and these social networks will be more likely to need to divide their attention between planning for the future and retaining what the community already has.

#### **6.4 Hypothesis 3: Community Diversity and Place Characteristics**

The third hypothesis examines the effect of community diversity and place characteristics on individuals' willingness to work together. I hypothesized that a higher degree of community diversity can create more challenges to collaboration and the formation of social capital. Therefore prosperous places are more likely to have a common ancestry, shared religious values, or another bond that creates a sense of a shared identity. This shared sense of identity aids collaboration, creates more bonding ties in a community, and assists in the prioritization of projects and community needs. I use the percent of a population that claims a single ethnicity in the US Census and the percent of the population that attends the largest religious establishment in the county as two measures of relative homogeneity. In examining the effect of community diversity I focused first on comparing the behaviors within the cities of Carroll and Lamoni as these communities are the most homogenous. The second component of this hypothesis is that other local place specific characteristics can impede or support the mobilization of social networks for economic development. For this portion of the hypothesis I asked leaders in all eight communities why they chose to be involved. In their explanations of who was involved in a group and who reached out to a group, I looked for explanations as to why there were separate groups in the

community and how individuals became a part of one effort and group over another. Finally, within each county I looked for overlapping social networks or examples of why one community chose to work with another or not.

#### 6.4.1 Exploring the bonds of religion and institutions in two of the case study communities

A large percentage of the population in both Carroll and Lamoni claim a single religion. Religious leaders created intentional communities and encouraged others to join the community. Carroll residents also share a dominant German ethnicity. Residents in both towns built institutions in their new communities that have been maintained and are now large employers in the community. This history and homogeneity affect social ties in the community and individual's perceptions of their community. Yet, in interviews, leaders involved in economic development efforts do not lay claim to any superiority or entitlement because of their identity.

The city of Carroll in Carroll County has the largest concentration of German Catholic heritage in the county. The community offers Catholic schools, including a Catholic High School that opened in 1954. People who support the Catholic school are recognizable by having large red capital letter K's painted in their driveways. The Catholic school provides a lot of social connections in the community. Every year the school's parents host the Kuemper Ball, the largest annual fundraiser. The event is preceded by a volunteer alumni letter writing and Phone-A-Thon. The 2012 event broke a community record by netting just over half a million dollars in donations from alumni and the community. In the fall of 2012 the school had a total enrollment of 1,008 students; the public high school had 1,856. In the community's history the Catholic school used to be much larger than the public school. There was a stigma attached to attending public school as the place only non-Catholic and poor families sent their children.

The city of Carroll was originally settled by non-German Protestant settlers, and the community has always had a non-Catholic business presence. The town's largest employer, Farner-Bocken, was started in 1939 in part by William Farner who was a Methodist and had moved into the community that same year at the age of 28. Farner was an advocate for a number of projects in the community and sent his six children to the public school system. After the community built a more modern and expanded high school building in 1989, the enrollment trends between the two school systems began to change. The town's website and the economic development website both point to the presence of two strong school districts in the community as an advantage. Leadership in the community contains a blend of German-Catholics and non German-Catholics. Today's Carroll Area Development Corporation board of



directors reflects this relative diversity. Carroll residents are aware that, historically, the community had greater divisions than it does today. An on-going concern among leaders in the economic development organization is that the community is still gender biased, favoring males in leadership roles over females.

In Lamoni, there is a large group of Community of Christ adherents who enjoy living in an established community with a deep history in their faith. Community of Christ adherents from other cities are drawn to Lamoni to attend Graceland University, the only college supported by the church. As mentioned in Chapter 5, several of the leaders in the community that I interviewed came to the community to attend Graceland University, left to pursue careers, and returned to the community in retirement or to raise their children. Many alumni have very fond memories of their time on campus, and the school uses an expression, “the Graceland Experience” to describe the holistic sense of community the college maintains for students. An alumna who came back to the community with children offers a common sentiment expressed by returning retirees, “The reason I wanted to live in this community is that I am familiar with it, I like the lifestyle, and I have connections because of [graduating from Graceland]. You would be hard pressed to find a few hundred people who do not have direct ties to the University.”

In Lamoni, the compounded familial ties to the Community of Christ religion and Graceland University impact community relationships. The presence of the university and its ability to attract alumni to relocate increases the number of skilled and educated people in the community. Many of these people have chosen to be leaders, and the current mayor, chamber of commerce president, city recreation department director, and four of the five current city council representatives attended Graceland. Two of them now work at the University. The presence of Graceland University and multiple Community of Christ churches in the area can create a very self-contained set of social relationships. Yet, the community is the home to two Community of Christ churches and to Methodist, Baptist, and Jehovah’s Witness congregations. A smaller share of Graceland students are also adherents of the Community of Christ church now than in the past. One of the graduates who returned to the community later in life now runs the community’s food pantry. She spoke about how her work at the food pantry has expanded her perspective of the community, “And then you think you know what goes on in town, but I now run the food pantry in town, and I know a whole different group of people than I knew from the university, from the church, from the hospice, and that is a whole group of people who need the resources of the hospital.”

#### 6.4.2 The effect of diversity in the communities

In previous work in a homogeneous ethnic and religious community in Iowa, the residents attributed their success to their heritage, their unique work ethic, and their religious calling to support their communities (Rahe, 2008). Among Carroll and Lamoni residents, however, few people made references to their faith, to their religious identity, or their ethnicity in discussing their motivations to be involved in organizations and to contribute to community efforts. Most leaders instead mentioned being encouraged by their employers, feeling a sense of duty to contribute, or that they found others who shared an idea about improvement. All eight communities have religious institutions that are creating ties, offering a sense of kinship, and taking on projects in and beyond their communities. The leaders I interviewed in the eight communities did not directly reference their spirituality in a discussion of what ties the community together or in what motivates them during projects.

Ethnically, the community of Manning, which is less dominated by German settlers than neighboring Carroll, has hosted a Kinderfest since 1883, two years after the community formed. The community adopted Bavarian motifs throughout the downtown during a period of investment in the early 1990s, but are currently in the process of removing those facades and restoring the original historical details through a grant from the Iowa Main Street Program. In the city of Humboldt, area churches used to host ethnic-specific festivals annually in the community in tribute to their different historical roots. One pastor mentioned reviving some of these traditions at one of the Lutheran churches in town as something different to do in the community rather than out of a deep commitment to heritage.

Similarly in Centerville, the local Betterment or Bust B.O.B. group helped host a Croatian Fest in the community, an annual tradition that had been abandoned due to declining interest and fewer residents who strongly claimed a Croatian heritage. The event was a fundraiser this year for the group's other activities and was organized as something different to do in the community nodding to the past. The Appanoose County Historical Association is an active group of individuals in the community who are proud of the community's diversity. The group hosts a variety of events year round, and the popular Halloween walking tour finds various residents who will dress in period clothing and embody the life of early residents who came to the county for coal and farming from a variety of walks of life.

Across the communities, residents did not reveal examples of ethnic biases when deciding who to choose as partners. Some residents, particularly residents in Carroll and Lamoni, have more homogenous social networks to the extent that these individuals derive their social relationships from their respective churches. A more pervasive common identity in a community facilitates bonding social

ties, and in some cases, benefits from these ties are reserved for group members as in the Kuemper Catholic School District educational and sports programs and Graceland University alumni events. These organizations draw social and financial capital away from other organizations and networks in each community. The bonded community these organizations and identities create also provided the start to one of the projects, Southern Iowa Biodiesel. Within a larger social context the perceived difference between those in a bonding group and those outside also created conflict. There are also examples in each community of established organizations bridging out from this bonded capital, and relying on forming additional bridges to implement projects.

Community members in both towns pointed to the effect of time, which continues to loosen these bonds. Both of these communities have seen limited in-migration, and many people can easily remember a time when an individual's affiliation was important. In Decatur County, many people still strongly identify with one town or another; this identity has expanded to encompass not only religion, but educational attainment, and social class. This difference in group identity restricts the talent, labor, and financial resources available through local bridging ties and continues to challenge development in both towns. Although the social networks of Graceland administrators and administrators in the town of Lamoni are intertwined, both entities continue to renegotiate their relationship. Some projects put the two groups at odds, while in others they can become collaborators. Here, despite shared social capital, the two groups must navigate cross-purpose organizational missions.

Carroll County's neighboring county seat of Denison's has a Hispanic community who were attracted to jobs in the town's meat processing industry. Carroll now has three Mexican restaurants, a level of diversity that surprises some residents. Many rural communities have reversed declining population trends through the growth of Hispanic communities, and a few leaders in Carroll mentioned that they were aware this trend was occurring, but the community has no active effort to encourage these families to settle in town.

Former residents were returning to all eight communities, many of them after obtaining new skills, contacts, and experiences from other communities. The presence of Graceland University offers the community of Lamoni a larger pool of potential people who might want to return to the community. The University contributes to creating this sense of common identity and a reason to return. This example suggests that the presence of strong bonding ties might produce a higher rate of return to the community's stock of social capital through these returns. It is unclear, however, if bonding ties in communities with less diversity provide more returns to social capital than bonding ties in diverse communities.

#### 6.4.3 Place Characteristics: Local collaboration and motivation

I originally sought examples of county-wide collaboration among recent development projects as a way to capture insights into social capital. I found that from community to community, there are different active social networks. There was no coordination between towns within a county in seven of the eight projects I studied. Geographic location in a county affects social capital networks in both prosperous and less prosperous counties. A common theme among the four counties was the notion that another town in the county wanted to differentiate itself from the largest community in the county. A community's identity can create a type of bonding social capital among area residents. Preserving or improving a community's identity was a frequently cited source of action among all of the development projects. I briefly summarize how resident leaders saw their community's future and what motivated them in participating in various projects (see Table 6.4).

Omitted from this table was a common sentiment of valuing a rural lifestyle that I found in all of these small towns. Residents are trying to improve their community, attract new people and jobs, and they value the quality of life in their community. Residents expressed this quality of life by citing the following amenities: a smaller place where people know you, a place where your children are safe, and a quieter pace of life. These sentiments were present in both prosperous and non-prosperous counties in my sample. Residents in all eight communities felt that their communities still offered a lot of opportunities. A coffee shop owner in Leon who had moved into the community with her husband who grew up here said,

People always say there is nothing to do in small communities, but I am never home. So I think that if you are looking for something to take on, you can find something right up your alley. You know the fact that a town this size has a movie theatre, [...], and has a very active school system has a lot of events going on. I have never felt like I couldn't ask for help, people have always said, oh sure we are willing to support you. I guess I just really feel like people let you [...] and it is really not that hard to make things happen if you just try.

I did not directly ask questions of trust in my interviews. Interviewees, however, identified a lack of trust between towns in a county that affected how social capital functioned in two of the case examples from the less prosperous counties, the Decatur County Hospital case and the Moulton call center. Individuals in one town did not trust county wide organizations and the actions of people who were from another town. In both cases, the distrustful community felt it might lose something, a major employer and a lead for a new employer, to the larger community.

In the northern prosperous counties, Manning and Livermore's respective social networks operate out of some motivation to remain distinct and to keep the population's that they have. Yet the

leaders in these organizations did not mention not trusting their fellow citizens. Livermore has already lost its school and its summer festival's success is based on the town's ability to attract outsiders. The Manning community is trying to retain the population they have and to better serve residents by offering as much in the community as they can. But members of the Betterment Foundation are connected to leaders in Carroll, and the county economic development director is invited to all of the Betterment's board meetings. The group seeks to maintain a separate identity without identifying any concerns about trusting Carroll.

Table 6.4: Community identity

More Prosperous			
Carroll	Manning	Humboldt	Livermore
Maintaining a strong community, striving for additional growth	A community that meets the needs of its residents	Capitalizing on the potential benefits of proximity to Fort Dodge	Increasing community events and functions to improve the quality of life
Less Prosperous			
Centerville	Moulton	Leon	Lamoni
Improving current conditions, reclaiming historical prominence as a destination city	Preserving life in a small town, keeping the school open	A small town in an agricultural area, and home to the county hospital	A culturally alive location that welcomes diversity and cares for youth

#### 6.4.4 Place Characteristics: History and economy

Putnam's observations seem to suggest a certain amount of determinism in explaining the differences of social processes in his study of Italian regions. Safford argues that the presence of the mafia in Youngstown but not Allentown reflects a general lack of trust within the community, but doesn't interrogate the concept of trust in his case. Historical settlement patterns matter. They do influence present day social networks. Specifically in my cases, historical settlement patterns have disadvantaged social capital networks in the southern less prosperous counties.

Appanoose is the only county in the study that had a distinct division between labor and capital classes from the presence of a mining industry. The county has had a mafia presence and a Ku Klux Klan presence in its history. Both organizations targeted the community because of its settlement patterns. The mafia exerted their influence over Italian immigrants coercing them to commit crimes and pay

tribute to finance their operation. The group had leverage in Centerville because they could enforce threats to Italian immigrants' families still living in Italy. KKK organizers targeted the community because it had a diverse immigrant population. Community leaders successfully ousted the KKK after a two year presence. The disrupted social networks affected by rapid population in-migration allowed these organizations to come into the community, not a lack of social capital.

An on-going historically rooted challenge to local social networks in Appanoose county is the lingering class difference between labor and capital. The county seat of Centerville contains, in Duncan's (1999) words, "haves" and "have-nots". Since I started subscribing to the daily county newspaper in April, there have been multiple drug arrests, police have discovered more than one methamphetamine producing and distributing operation, there has been a series of unsolved arsons, and a young adult vandalized the downtown square. During the business hours the square is populated by the haves, people who have jobs, have businesses, and have lunch with family and friends. Towards the late afternoon the have-nots enter the square, and by nightfall the square is full of revving engines and squealing tires, public drinking, small group conversations, and general loitering that lasts past midnight. This community has endured the boom and bust of local mining and is currently trying to recover from a severe loss of manufacturing jobs. Throughout these periods, local residents have continued to support and increase public amenities, a recreational center, parks, sports complex, and the public pool, amenities that are open to everyone in the community. The involved leaders in these organizations have little interaction with the have-nots. The community has publicly struggled over the issue of rights. Newspaper editorials ask local police to be more involved, property owners have proposed removing some of the benches in the downtown square, and the business community is working to install security cameras on the square.

As mentioned in section 6.3.3, historically the hilly terrain, soil structure, and available water have made land prices lower in Decatur County than most all other counties in the state. The county has attracted distinct groups; the county had offered each group an opportunity to afford to build the type of community they wanted. That each of these groups brings its own bonded social capital ties and is different from others is a reality that requires individuals to form more bridging ties than a county which has had a different settlement pattern. It doesn't prevent social capital from happening, but it makes certain skills such as convening, and individuals who are willing to risk their own social capital stock to expand networks in the community more important. Place histories act as a mediating or mitigating context for current social capital.

#### 6.4.5 Place Based Characteristics and Community Diversity Conclusion

I find that history and community homogeneity are influencing the social capital networks within my case study counties but not to the extent that my original hypothesis suggested. Communities with homogenous populations have certain advantages, a larger stock of bonding social capital. These individuals are still challenged to form bridging ties. A community's history and population characteristics influence a community's stock of bonding capital and the nature of bridging social capital ties. These characteristics do not prevent the residents from accessing bonding or bridging ties, although they might influence the returns to social capital. Place characteristics can be a mediating asset for a community when a college, for example, attracts outsiders to live in the community permanently. Characteristics can mitigate the formation of new social ties by introducing competition for resources. These influences inform a study of social capital in a community but a more useful characterization of place differences concerns differences in economic stability and productivity.

#### **6.5 Transforming bridging ties to bonding ties**

There has been too little effort in existing studies of bridging and bonding capital to talk about how bonds change over time. As discussed in Chapter 2, the previous empirical cases on which my work builds give too little consideration to how social relationships change in a community. It is widely understood that repeated reciprocal interactions can, but are not guaranteed to, increase trust between individuals. In my research, the shared experience of working on a development project with others in the community both positively and negatively changes ties in important ways for the future success of the next project the community undertakes. Table 6.1 contains many entries of bridging and bonding ties. Below I explore some examples of individuals who, based on their personal characteristics (where they grew up, their socioeconomic status, and their personal assets in the community), seem more like outsiders, who would be likely to have only bridging ties to people interested in economic development intervention. These individuals are different from a central core of other members in an organization who are more likely to have bonding ties. Economic development projects create a different context for social capital as both similar and dissimilar individuals are drawn together by a common motivation, and oftentimes a personal financial stake, to improve the general health of the economy. Among those who initiated or became a part of an economic development project, I talked to people who were proud of their multigenerational history in their community and cite this as one reason for why they are involved. However, newcomers to these communities also become invested in networks and adapt leadership roles using their experience with previous communities to initiate projects.

I explore some examples of individuals who initially represented a tie that was made through bridging social capital, but may now be better classified as bonding social capital. I argue that these transformations occurred through repeated interactions in the process of developing projects over time and occurred in both prosperous and non-prosperous counties. The mayor of Moulton moved into the community seeking an affordable house and farmland to begin farming. He had lived in Centerville previously while saving money to become a landowner, but grew up in Missouri. The mayor is not a member of the Moulton Economic Development Association but assisted the group by providing advice in the first project. He is taking on an even more involved role in the second project. The man has young children and was approached by community members to run for the unpaid position of mayor. Several factors suggest this outsider is being quickly assimilated into the community's existing social networks.

The initial three people who responded to the city of Humboldt's request to address housing issues included two realtors who had worked together in the community and a woman, Cheryl Rhead, who had recently moved into the community to take a banking position. Rhead was encouraged to become engaged by her boss, and now she has been one of the unofficial leaders of the HCHDC since the organization started in 1997. She grew up in northeastern Iowa and replicated a program from Newton, Iowa, the Building Trades Program that offers high school students on the job training in the construction industry. These three original people are all still active in the organization and continue to take leadership positions. As Rhead said,

[My husband and I] moved to Humboldt because of our jobs. We never planned on making Humboldt our home. But it has become our home, and that is what happens to a lot of people along the way. We are implants. There are a lot of people who are born and raised here, but it is just a good place and a lot of people never plan on staying but it just happens.

There are many other examples of employment opportunities that have brought individuals to these communities and furthermore encouraged them to become involved in local organizations.

The effort to build a resort lodge at Rathbun Lake had the lengthiest project implementation process of all of my cases. The lead organization, the Rathbun Lake Resort Inc., also represented a diverse mix of bridging and bonding ties by uniting state and federal government employees, local non-profit staff, elected officials in two counties, and a core group of economic development leaders in two counties who had independent histories of internal collaboration. The project did not change the group members' respective differences in wealth nor did it make everyone close friends. It did however increase every member's personal network of ties in a two county region. Presumably these individuals could pick up these ties and have a deeper knowledge of who to access for what with greater ease for



the next project than they could through other bridging ties developed during a shorter period of interaction.

Not all development projects provide an opportunity to transform ties. Morgan Cline has been rehabilitating historic structures in Appanoose County since the late 1990s, however, all of the projects use hired labor and involve no fundraising efforts. The future of these buildings requires local consumer patronage and marketing efforts by his agent Bill Burch. In his management of these properties Burch has also largely relied on hired labor. Other social networks are pulled together for a specific project. The Humboldt Aquatic Center project and the effort to build the Frank Gotch statue are both examples of projects that created an organized group of individuals who were all volunteers working on the project. After the project was completed, the aquatic center group has returned to their respective networks. Some of the initial members were friends, but others were just involved because of a particular interest in the project. These individuals might have formed new bridging ties but the social capital in the network was not immediately re-deployed for a new project. The statue organization has largely done the same. A few volunteers continue to work to market the completion of the recent project. At the successful completion of both of these projects, the group may have increased the total stock of social capital by creating new bridging ties but has not created any new bonding social capital.

Community development projects can both strengthen existing bridging and bonding ties and build new bridging ties for future projects when individuals in a group use their combined social capital and reach out to new people. Projects strengthen bonding ties by placing individuals in new situations that require different skill sets, as when a group of friends decides to attract a company or organize a festival. After the first project is over, the same group of bonded social capital now has an improved set of communal knowledge and skills and increased human capital within their network to draw upon for the next project. Similarly, when individuals who are only loosely affiliated with one another work together they have an opportunity to learn more about each other's skills and resources. This knowledge strengthens the usefulness of their existing bridging tie and may provide additional opportunities in the future by which using this tie benefits a particular project. It might also lead to the pursuit of additional projects if one individual realizes that others in the community share a common interest to address a project and could bring skills to the project that the original individual does not possess.

Repeated interactions or a prolonged project might provide a way for a bridging tie to become a bonding tie. This transformation may provide primarily personal benefits if individuals are able to expand their social circle as a result of their civic engagement. If, however, through the process of a

project, individuals begin to see themselves as less of an outsider to others who are also working on a project, regardless of if they go so far as to form a close social bond that can be called upon for the most basic of needs, the future probability that these individuals would consider working together again increases. To the extent that the next project involves utilizing similar skills and individuals as the previous project, this project should require less effort from participants in managing the social ties. These findings are consistent with observations of the effect on community capacity after a leadership program asked three cohorts of residents to each pursue a community project over the course of five years (Etuk et al., 2013). If, as seen here, less prosperous places are overall addressing fewer projects, they cannot take advantage of institutional memory, “customs of doing things”. They may have to experiment more to figure out how to complete a project in a learn by doing approach, which means their ability to use and create social ties will be less efficient than the use of ties in prosperous places, which have established methods and expectations about how the community addresses opportunities and challenges.

#### **6.6 Difference between qualitative and quantitative measures of social capital**

The dissertation cases have both high and low social capital measures compared to all rural counties in Iowa (see case selection strategies in Chapter 3). I provided an overview of the social capital index (Rupasingha and Goetz, 2008) and a summary of its components in Chapter 4. That chapter noted that there were differences in the social capital index among my set of counties, and I explored some reasons why participation in national civic duties, such as, voting in Presidential elections or returning Census forms by mail, might not directly correspond to personal interest in local civic engagement. My analysis of social capital in each community based on projects, however, revealed that even counties with a lower prosperity score have multiple active social networks, pursue a number of projects, use a combination of both bridging and bonding ties. Local residents initiated most of the projects that I studied.

After completing my fieldwork I know much more about the active organizations and the organizational structure used by local residents to complete projects. In the following section, I look at the other two components of the social capital index: the number of civic establishments in the County Business Patterns and the number of non-profit organizations. I find that these quantitative measures provide a poor proxy for actual social capital networks within the counties. I detail a few major limitations of using existing quantitative measures of social capital in order to explain this contradiction.

### 6.6.1 Associational density, number of associations per 1,000

The County Business Pattern (CBP) data collects its establishment data from the Business Register administered by the US Census. These data cover most private employment in establishments that have at least one employee but exclude government workers, agricultural production, and a few other industries. The data sort establishments by Employer Identification Number and cover private establishments as well as non-profits, corporations, S-corporations, sole proprietorships, and partnerships. Business establishments and employment totals are reported by their industrial classification number. As mentioned in Chapter 4, the federal government periodically updates this classification system to reflect broad changes in the types of industries in the economy. Reflecting across my eight cases, only the county economic development organizations that initiated or were involved peripherally in two projects and centrally in one project would be captured by this definition. Many of the organizations that were involved in these projects do not have paid employees: Team Livermore, Moulton Economic Development Association, Lamoni Development Association, and the Humboldt County Housing Development Corporation. In the case of attracting funds to Honey Creek Resort Park, local individuals formed a limited liability corporation so they could invest in the project. Limited liability corporations are usually categorized as a partnership or a corporation and should be captured in the County Business Patterns, but depending on the NAICS code the group uses it may or may not be categorized into one of the civic or membership groups used by Rupasingha and Goetz (2008) (see Table 6.5).

Furthermore, the County Business Patterns does not capture a lot of the other organizations I studied. For example, under the category of political organizations, Carroll County has an active local Democratic and Republican party, but neither organization has an employee. Decatur County looks especially sparse: the county only appears to have organized associations for religion, a single golf course, bowling alley, and business association. Yet both Leon and Lamoni have chambers of commerce, economic development associations, and agricultural fairgrounds. An agricultural fairground is one of the listed items in the NAICS codes and appears under the membership sports and recreation clubs category. However, because these are owned by the county, these organizations are not represented in this data set. Furthermore, the communities I studied supported a total of five public pools and three counties had at least one independent recreation center operated by the city or the county, rendering these organizations invisible in the membership sports and recreation category below.

There are many interesting organizations among these counties: Connect Young Professionals branch in Carroll, the Under Forties Organization in Manning, the B.O.B group in Centerville, the Dakota

City Firefighters in Humboldt County, and many others. These organizations are actively volunteering, raising donations, and supporting development, but they do not have employees. As I stated above, a lot of local social capital has been used to maintain public goods and services in the southern counties and to expand these goods and services in the northern counties. Keeping these facilities open or adding new facilities takes work and resources, but as long as they are publicly owned they do not appear in the County Business Patterns.

Table 6.5: Variables Used By Rupasingha, Goetz, and Freshwater

	Appanoose		Decatur		Carroll		Humboldt		All counties with (n=62)	
	1980	2010	1980	2010	1980	2010	1980	2010	1980	2010
Religious organizations	5	15	3	6	14	29	6	14	62	62
Civic and social associations	2	1	0	0	9	4	0	1	47	42
Membership sports and recreation clubs	1	0	1	0	2	0	2	1	58	36
Other membership organization	1	0	1	0	1	1	1	0	62	23
Bowling centers	1	1	0	1	3	3	1	0	50	40
Business associations	1	2	0	1	2	2	1	4	43	62
Labor organizations	0	0	0	0	0	0	0	0	22	15
Physical fitness facilities	0	2	0	0	0	2	0	1	62	43
Sports clubs, managers and promoters	0	0	0	0	0	0	0	0	0	0
Public golf courses	0	1	0	1	0	5	0	1	23	59*
Political organizations	0	0	0	0	0	0	0	0	1	3
Professional organizations	0	0	0	0	0	0	0	1	6	5
Total	11	22	5	9	31	46	11	23		
Religious organizations as a % of Total	45%	68%	60%	67%	45%	63%	55%	61%		

Source: Author's calculations from 1980 and 2010 County Business Patterns Data, US Census Bureau.

Notes: The final columns in this table show the total number of Iowa's rural counties that contain at least one establishment. This data's comparability from 1980 to 2010 is limited by changes made to the federal system of classifying industries.\*The data source collapsed public and private golf courses in 2007 NAICS codes; in 1980 private golf courses were in membership sports and recreation clubs.

So what kind of establishments and social capital do the County Business Patterns capture? Churches make up an average 62 percent of the total count of all associational establishments in Iowa Counties (the data range from a high of 85 percent to a low of 33 percent). To be considered in the county business patterns, a religious organization must have an employer identifier number (EIN) and must have a paid employee. These businesses are tracked first in the U.S. Census's Business Register, which provides the starting point for the data in the county business patterns series. Currently, the County Business Patterns (CBP) is the only source of data produced by the federal government that collects and discloses information about the number of religious establishments; however, a private

statistical association, the Association of Religion Data Archives (ARDA), collects extensive religious data by county every ten years.

I compared these two data sources in 1990 and 2010. In the 1990 count of religious institutions, there are substantial differences between ARDA counted congregations and CBP counted congregations. On average the CBP data captures 51 percent of the reported number of congregations in the ARDA data set with a standard deviation of 14 percent. For some counties, such as Sioux and Ida, the two estimates are virtually identical. In Van Buren County the ARDA reports 29 churches while the County Business patterns reports 1. Across all samples, the CBP underestimated the total number of religious establishments. Across all 99 counties in Iowa there is a weak positive correlation (0.37) between the percentage of ARDA churches captured in the CBP data and the total county population. Larger counties have smaller differences between the two estimates. Both data sources overlook some congregations. Within my case study sample, these estimation differences are larger among the counties in southern Iowa where the County Business Patterns data are capturing less than one-third of the total number of churches in the county in 1990 (see Table 6.6). In 2010, the estimation improves in Appanoose County, but over half of the churches in the county are still left out by the County Business Patterns.

Table 6.6: Comparison of Religious Organizations across two data sources

	1990					2010				
	Religious est.		Total CBP	% of All CBP	Share of ARDA in CBP	Religious est.		Total CBP	% of All CBP	Share of ARDA in CBP
	ARDA	CBP				ARDA	CBP			
Appanoose	36	10	16	63%	28%	34	15	22	68%	44%
Decatur	30	6	10	60%	20%	30	6	9	67%	20%
Humboldt	22	16	24	67%	73%	19	14	23	61%	74%
Carroll	38	23	44	52%	61%	46	29	46	63%	63%

Source: County Business Patterns and the Association of Religious Data Archives, 1990 and 2010.

Rupasingha and Goetz (2008) normalize their data based on the county population to control for county size. In rural areas, this normalization does not account for the settlement patterns of a county. Appanoose and Humboldt are both dominated by a central city, and the rest of the urbanized areas have fewer than 1,000 people each. Communities with fewer than 1,000 people are highly unlikely to support organizations with paid staff members. Yet, the qualitative evidence from Moulton and Livermore shows there is social capital in these communities, and it is organized but without paid staff. Observing that Carroll County has five golf courses and three bowling alleys in the county says less about

social capital than it does about financial capital and city size distribution. The bowling alleys are located in the county's three largest communities, each with over 1,200 residents. There are two golf courses in the county seat and largest community of Carroll, and the other three golf courses are in the next largest communities, the smallest of which, Breda, had a population of 483 in the 2010 Census.

#### 6.6.2 National Center for Charitable Statistics (NCCS)

The social capital index also uses a count of non-profit organizations in each county. As mentioned in Chapter 4, these data are compiled from Internal Revenue Service (IRS) tax forms by the National Center for Charitable Statistics (NCCS) and contain an unknown degree of overlap between the count of establishments in the County Business Patterns. The NCCS and CBP are most likely to double count larger non-profits that have paid employees. The NCCS also contains counts of non-profits without employees and includes some religious institutions, those that voluntarily choose to file tax returns and register with the IRS. For the purposes of Table 6.7 I chose to still include churches, as Rupasingha and Goetz (2008) did, although by disaggregating this count of nonprofits into categories (Table 6.8), these institutions are unevenly registered within each community. Every community except Moulton had at least two registered churches, but it is unclear how the decision to register, which is not required by the federal government, speaks to a difference in social capital across institutions. At the county level, the density of non-profits per 10,000 people does not fully correspond to differences in prosperity levels or social capital levels. Appanoose has slightly more non-profits than Humboldt County; prosperous Carroll County has the most while Decatur County has the least, and there is a large gap between Decatur and the rest of the counties.

Table 6.7: 2012 Registered Nonprofit Organizations Per County (August 2012)

Counties	County Population	Count	Non-profits/ 10,000 pop	Filed 990	Filed/ 10,000 pop	Revenue Reported	Assets Reported	Assets per capita
Appanoose	12,797	112	88	81	63	50,355,561	55,353,758	4,326
Decatur	8,284	48	58	29	35	58,625,839	110,238,158	13,307
Carroll	20861	197	94	139	67	133,261,579	254,271,570	12,189
Humboldt	9,802	81	83	62	63	126,788,355	367,978,022	37,541

Source: August 2012 IRS Business Master Files accessed through NCCS.

The smallest communities have seven and five non-profits in Moulton and Livermore respectively (see Table 6.8). Much of the social capital in these small communities is less formally

organized. In Moulton, attendance at the local sports events is an important way that the community gathers and socializes. As the call center company project demonstrated, a lot of social capital was mobilized in an effort to support the local school system. Livermore is a smaller community but has recently started new organizations, and the community hosts a county-wide Sons of the American Legion group that has many members who live outside of Livermore.

Among the next largest communities, Manning, Leon, and Lamoni, there is a pronounced difference in registered associational activity. Manning has 31 organizations while Lamoni has 18 and Leon has 14. Graceland University influences six organizations on the list of organizations in Lamoni: The University is a non-profit, and the list also contains one student chapter, an affiliated research society, two trusts set up by alumni, and an art cooperative that is a partnership between the University and residents. In Leon, three organizations relate to healthcare and the presence of the county hospital and another three to low-income services. Notably absent in Decatur County data is any presence of the Community of Christ Church, a religious affiliation with four churches in the county. Also absent are the Leon Economic Development Association, the Lamoni Area Development Corporation, and the Chamber of Commerce for either community. The Chambers of Commerce were registered in the four other communities that had functioning chambers of commerce. The two chambers in Decatur County are also active, holding regular meetings with a board of directors. Manning's 31 organizations reflect a breadth of associational activity; the community has three established foundations for economic development, two history non-profits, a local utility, the town's non-profit hospital and its foundation, four social service providers, and six religiously affiliated non-profits.

As noted in Chapter 2, place characteristics may bias organizational data. Carroll County was primarily settled by Catholics and this is one example of a group that encouraged the formation of additional organizations. In the city of Carroll there are eight non-profits in the city affiliated with the Catholic Church and another six non-profits associated with Protestant churches. The county also contains a regional hospital, and there are six non-profits that support healthcare. Most notably, what sets Carroll County organizations apart are the 13 private foundations. Humboldt by contrast has three private foundations. There were no private foundations in Appanoose County or Decatur County.

Again, some aspects of associational activity are tied to historic and current wealth in a county. Appanoose County seems to have a disproportionate share of non-profits given its 2005 social capital index. As noted in Table 4.3 in Chapter 4, the total number of registered non-profits is more sensitive to changes over time than the County Business Patterns data. The number of non-profits declined in all of the counties from 2005 to 2010 but has remained the same in 2012, suggesting some potential

reporting error. The county seat of Appanoose County, Centerville, has a diverse set of associations. There are eight non-profit churches, eight civic organizations, eight organizations related to economic development planning, seven recreational related non-profits, 14 social service non-profits, four history related non-profits and three health related non-profits. The city has only one public foundation administered for the whole county and funded by state gambling proceeds.

The NCCS also reports data about total revenue and total assets for each non-profit. This can be valuable when disaggregated to a single town but misleading in the aggregate. A majority of the organizations do not report any revenue or assets. I report the financial data for these organizations in Table 6.8, but the data is disproportionately affected by a few organizations in three of the counties. Humboldt has the largest total assets because it is the home to two electrical cooperatives, one that is locally based and the other that is a regional organization serving several counties. These two companies account for 97 percent of all organizational assets. Graceland University accounts for 95 percent of all assets in Decatur County. The private Catholic hospital in Carroll accounts for 48 percent of non-profit assets in the county.

The count of non-profits data collected by the NCCS captures more of the functioning organizations I observed while doing fieldwork in the counties. Appanoose County appears less dissimilar from Carroll or Humboldt in terms of organizational activity, although it remains unclear why Decatur is so much different. The dataset is biased towards organizations that have taken the time and resources to become organized under the US Federal Tax Code and have filed for and been granted non-profit status and those organizations which would benefit from this status. This process is time consuming, but obtaining a non-profit status allows an organization to apply for grants and seek larger tax-deductible donations, improving the efficiency of fundraising, and to obtain insurance for an event. I found examples in my research of organizations borrowing the status of existing organizations in the county by partnering with those organizations to plan and execute fundraisers and events. This practical response to the difficulties of federal legislation may be temporary for a particular organization, but these examples reflect a closer association with fellow organizations in a county, i.e. the members of group A have a strong enough working relationship with members of group B that the two groups feel comfortable working together.



Table 6.8: Charitable organizations by community

	Act of Congress	Title Holding Corp	Religious, educational, Charitable Orgs	Private Foundations	Social Welfare	Labor/Agricultural	Business	Social/Recreational	Fraternal Beneficiary	Domestic Fraternal	Cooperatives	Cemeteries	War Veterans	Split Interest Trust	Total non-profits	Non-profits that filed a 990
IRS Subsection	1	2	3	3	4	5	6	7	8	10	12	13	19	90		
Centerville		1	47		8	2	4	3	3	2	2		3	1	76	51
Moulton			2		2		1			1	1				7	5
Leon			9		2	1	1						1		14	10
Lamoni			11		1					1			3	2	18	13
Carroll	1		51	7	4	3	5	1	3	2			3	7	87	58
Manning			19	2	1	1	1		1	1	1		4		31	19
Humboldt			27	1	4	3	3	1	3	1	2	1	4		50	21
Livermore			2		1	1							1		5	2
Town Totals	1	1	168	10	23	11	15	5	10	8	6	1	19	10	288	179

Source: National Center for Charitable Statistics

## 6.7 Chapter Conclusion

This research aims to understand the social capital mechanisms behind rural development in prosperous and non-prosperous places. Many of the social networks taking responsibility for rural development operate on a sub-county scale, and their composition, implementation strategies, and motivation are diverse. This diversity, even in counties with relatively smaller populations, warrants investigation of social networks at multiple scales. I have offered an alternative method of examining social capital that focuses on how social ties function during the implementation of a rural development project.

## CHAPTER 7: FINDINGS AND CONCLUSION

This research suggests that the study of social networks and ties is improved from a contextualized understanding of other place based assets and characteristics. I consider the financial resources in both a social network and in the larger region as well as the historical influences that shape social relationships and affect the ties in a place. Economic development practitioners have found ways to categorize divergent development outcomes: prosperous, distressed, manufacturing dependent and recreational amenity counties among other classifications. Yet much of the current literature on social capital, widely believed to be an asset in economic development, offers a blunt dichotomy that advocates for more social capital and in particular more bridging ties. Divorcing an examination of a community's structural characteristics from its assets is too simplistic. An asset like social capital should not be expressed in the same way across places and it shouldn't function the same way either. Abandoning an aggregate study of the concept and focusing on studying its use provides opportunities to inform economic development planning practice. In order to continue to improve policy and practice, research needs to distinguish a community's existing structure from that community's effort to implement economic development strategies. Future research should continue to build an understanding of how social networks and ties are being used to leverage financial capital as well as how social ties react to changes in financial capital. There has been too little research done that examines to what extent social capital is fungible with financial capital or other kinds of capital.

In this chapter I first review my research findings. In Section 7.2 I revisit some choices in my research design to discuss how these are reflected in my data collection and how they shape my final analysis. I discuss how these findings can be used to describe additional communities in Section 7.3. Section 7.4 offers insights into local collaboration and economic development planning. I conclude with insights into future research that will further refine our understanding of social capital in economic development planning.

### **7.1 Summary of findings**

#### 7.1.1 Reflecting on the central research questions

A body of work on the concept of social networks and ties stresses the importance of differentiating between bridging and bonding social capital to understand socioeconomic development. Other authors have argued; however, that we need to better contextualize our understanding of social

relationships to influence change. The first research question examined how individuals implemented economic development projects. My findings rejected the simplistic notion that less prosperous places had fewer active networks or fewer individuals with bridging ties. I found that individuals use a variety of ties and create a number of structures to organize action in the process of completing an economic development project. Groups often seek ties that will provide access to financial capital and technical expertise. Their use of bridging or bonding social ties depends on the quantity and distribution of financial resources in their primary networks. Prosperous places relied on bonding ties more than less prosperous places as these internal ties often provided the necessary access to additional resources. To further complicate the causal relationship between social capital and prosperity, prosperous places in the state of Iowa also have more financial resources. My own prior work on this subject also pointed out the importance of understanding the effect of diversity and homogeneity on group priorities and individual's motivations to work together.

My second large research question investigated the influence of place characteristics and context on the effort to implement development projects. Characteristics of a place, its historical development, and the dominant groups in a place all affect the ways that social capital and the process of local collaboration unfold. Economic development focused networks varied widely among the eight communities. Less prosperous and smaller communities have fewer residents who have surplus capital and may find it harder to find experienced individuals with the necessary skills to complete a project. In contrast, prosperous communities have a larger pool of potential ties that can be used during a development project. Incorporating these contextual relative disadvantages and observing means of overcoming these differences will make important contributions to the way scholars view the needs and capacities of local social networks and ties.

In pursuit of these two larger questions, this research looked for evidence to falsify three separate hypotheses. Results from each hypothesis are summarized in Table 7.1. Each hypothesis attempted to isolate the key factor influencing observed differences in how projects were implemented in prosperous and non-prosperous places.

### 7.1.2 Insights into the relationship between bridging ties and prosperity

The first hypothesis, that a community uses more bridging than bonding ties, was difficult to measure particularly within a small community. There are many sources of ties between individuals and the history of some ties reaches back several generations. My hypothesis asked, "Do prosperous places use more bridging ties than non-prosperous places?" I found that local individuals rely on ties with other

individuals or seek new ties throughout a project and especially during a project’s initial definition. Ties are often sought or used again to attain enough financial or political support for the project. The relationships between members in economic development organizations cannot be easily classified as only bridging or only bonding. The core members in these organizations are usually associated through bonding social ties, but organizations also institutionalize bridging ties through their membership structures with ex-officio positions. Furthermore, most projects require actors to use both bridging and bonding ties. I was unable to discern a clear relationship between the use of bonding and bridging ties and a locality’s respective prosperity outcome. Analyzing the type of tie sought and a network’s access to financial capital provided more information. Individuals used a number of processes to initiate projects and find support across all four of the counties.

Table 7.1: A summary of findings for each hypothesis

<b><i>Hypothesis</i></b>	<b><i>Prosperous communities</i></b>	<b><i>Non-prosperous communities</i></b>
<b>1 : More bridging ties</b>	Not a clear difference between counties. The need for financial capital motivates ties.	
<b>2: More financial resources</b>	Have access to more resources through networks and take on large projects and more projects	Rely more on bridging ties and the ability to form ties to access financial resources. These communities are still pursuing large projects
<b>3: More general support for community projects</b>	Both county types have distinct geographic communities and identities within the county. Religion creates both bridging and bonding ties.	
	Productive agricultural assets have generated a large middle class and allowed for significant wealth accumulation.	Historic economic conditions have produced labor-capital class differences and attracted different groups of people. Current economic conditions are perpetuating these differences increasing the difficulty to fund projects locally.

### 7.1.3 The role of financial wealth in perpetuating prosperity

The second hypothesis asked, “Do the social networks in prosperous places have access to more financial capital than social networks in less prosperous places?” This hypothesis focused on identifying the influence of aggregate community wealth and the distribution of community wealth on the use of social capital involved in project implementation. I found that the gap between the resources a project required and the resources the primary network possessed affected that group’s efforts to use bridging or bonding ties. Community members will seek financial capital from the most efficient sources first, using people they know and experience from previous projects. Less prosperous places had a limited

ability to form either type of tie within the community to people who would contribute to a rural development project as there were relatively fewer resources within the community. The prosperous counties in my study had more locally owned industries with enough surplus capital to make routine donations to various projects.

Furthermore, the local municipalities in less prosperous places can offer fewer resources to maintain assets in the community or invest in new projects. This meant that less prosperous places were more reliant on ties outside the community. As these ties are often bridging ties, and bridging ties are harder to form and maintain this might contribute to a social capital explanation of why there is lower prosperity in lower resource areas. In addition, the overall level of community wealth influences the level of experience in primary networks. In prosperous communities, having experience doing rural development projects eases the task of using bridging and bonding ties as the group members know how to be strategic in finding necessary resources. This allows the primary network in the prosperous community to more efficiently manage its social capital ties. In comparison, the lack of experience in less prosperous counties meant that members faced many unknowns in the course of the project implementation, faced more missteps, and had to experiment with different sources of bridging capital to find what the group needed.

All but one of the eight primary cases found the resources they needed to make the project successful. However, periods of experimentation increased the likelihood that these ties could be strained and potentially lost. This relationship was not universal. Less prosperous places do have some long standing social networks that are addressing development, but both less prosperous counties were also more actively engaging in trying to build new additional networks to address other community issues. This is not to say that all projects in the prosperous counties are financed internally, however, initial groups can seek more resources internally than initial groups working in less prosperous places. To the extent that building bridging ties is harder than maintaining bonding ties, people embedded in social networks that address economic development in places with fewer financial resources need a different set of skills.

In summary, total financial wealth, an economy's stability, and the ability to accumulate capital within the community all affect civic engagement efforts. More research should be done to further understand how financial resources and their distribution affect the depth of social networks, the need to use or add new bridging ties, and the scope of social capital's ability in a community.

#### 7.1.4 The relationship between place characteristics and prosperity

The third hypothesis asked, “Are the populations in prosperous places more willing to support development projects than the populations in less prosperous places, considering both the diversity of the population and place characteristics?” This hypothesis looked for evidence that differences in the community’s characteristics affected the ability of local individuals to form social ties for rural development. There was not support for this hypothesis using religion or ancestry data. Although numerical differences exist, these differences did not translate into exclusionary practices during project implementation. However, the effect of the sense of place in each community, intertwined with its respective level of resources and state of development, does contribute to explaining how this project fits into the context of the community and why each group takes on its respective projects.

This study supports the inclusion of place based characteristics in the further study of social capital. However, I would argue against the idea that social capital is solely determined by these factors. In my cases I considered several different factors that contribute to this idea: geographic localization, labor-capital localization, historical heritages, and the resulting population differences of early county settlement. Historical settlement differences matter. Appanoose is the only county in the study that had a distinct division between labor and capital classes. These distinctions are still present today.

Geographic location matters whether you are in a prosperous county or a less prosperous county. Manning in prosperous Carroll County and Moulton in less prosperous Appanoose County both want to be distinct from the county seat. Both communities prefer to handle their own business and have feelings of ‘we can do this without you’ to ‘we don’t trust you’. Population characteristics also matter. The community of Carroll is the most homogeneous population in terms of ethnic heritage, but locally, these residents were not referencing their heritage as a strong reason for their perceived success. Their homogeneity has meant that there are accepted roles for different groups within the community and the community has many long standing traditions. Renegotiating leadership positions and expanding bridging ties to new people presents a different challenge in this community than others. A community’s history and population characteristics influence a community’s stock of bonding capital and the nature of bridging social capital ties. These characteristics do not prevent the residents from accessing bonding or bridging ties, although they might influence the returns to social capital.

#### 7.1.5 Existing quantitative measures of social capital need cautious interpretation and revisions

Quantitatively, as shown in Chapter 4, there seemed to be support for the idea that thriving, prosperous rural communities had more social capital than less prosperous places. Reflecting on why

the qualitative data contradicted the correlation in the quantitative data, I found that our measures of social capital are biased towards social capital that is formalized into organizations, organizations with money, and organizations that hire employees. In Iowa, the County Business Patterns data is heavily influenced by the count of churches in a county, but comparing this data to another source showed that there was wide variation in the number of churches found across all rural counties in Iowa. I could not detect a systematic pattern to the undercounting, and the problem is persistent across all time periods. These measures fail to address actual levels of activity in a community and provide poor proxies for bridging and bonding ties. In the following section I will offer some conclusions about future social capital research methods and provide recommendations for improving local intervention efforts in rural economic development.

## **7.2 How my methods have affected my results**

Many of the social networks taking responsibility for rural development operate on a sub-county scale, and their composition, implementation strategies, and motivations are diverse. This diversity, even in counties with relatively small populations, warrants investigation of social networks at multiple scales. I have offered an alternative method of examining social capital that focuses on how social ties function during the implementation of a rural development project. This frame provides both advantages and disadvantages when compared to attempts at quantitative analysis that focus on relationships between stocks of social capital and prosperity. Projects provide a concise way to interpret social capital in a community by isolating the ties that are active and have recently been used. The type and scope of project examined dictates which ties will be sought by the primary network. Measuring social capital networks through qualitative interviews creates new opportunities to learn about how social capital functions but cannot overcome all of the difficulties entailed in measuring a dynamic process.

Interview based information creates a richer understanding of social networks and the ties among a group of people than using documented lists of board members as Safford (2009) and other studies have done (see Chapter 2). Individuals have different approaches to civic engagement and a changing capacity to be involved in organizations. Some prefer to have a long tenure with a few organizations. In contrast, there were examples of two individuals in the northern counties who had initiated an organization, gathered support for the mission, and then turned the project over to others. A woman in Manning described her belief that people should encourage a turnover in leadership in the town's organizations in order to prevent burn-out. She had the idea to start a new festival in the

community in the 1980s when the town was suffering from a lack of visitors and general economic malaise after the farm crisis. When she decided to step away from the festival four or five years later, other group members were afraid her absence would cause the event to stop. She replied, “Well if it doesn’t have any value it will. But if it has value, somebody else will pick it up and carry it on.” The event still occurs each summer. The Humboldt Area Arts Council is another example. Some people in the community are recognized as utility players, individuals or organizations that pitch in and help a number of organizations without having any officially recognized relationship with other organizations. Even if the assistance is only offered once, creating a static map of social ties would miss these bridging relationships.

A project based approach reveals active social networks and focuses on real occurrences of interaction, which provides a more useful understanding of how different parts of a community function together. Central organizations and individuals are revealed even if these people live outside of a community, prefer not to be a named member of an organization, or have recently stepped down from a leadership position or retired but still retain close ties to employers and other organizations. Through personal interviews you can collect individual’s perceptions of their ties to a group of people and find out the history of their formal and informal interactions in a community. People gain ties through family members and spouses, and some, but not all, ties are transformed through repeated interactions.

Even after extensive interviews, it is still hard work to document functioning social networks. I undoubtedly have misrepresented some ties or failed to account for other commonalities among the participants in my eight primary cases. My focus on projects prioritizes social networks that are engaging in local development and overlooks the value of networks that function for social reasons or the budding ties that have been created but not yet leveraged towards a project. This approach places an emphasis on the timing of observations and the method used to select projects. One project cannot represent the breadth of social ties in a community; it only provides one lens on those ties. I tried to mitigate this concern by collecting less information about additional projects in each community as a limited replication.

In describing their process of implementing a project, many people mentioned the fortuitous effect of time; it took the Rathbun Lake Resort, Inc. 30 years to find the right combination of financial resources, political support, and internal agency to build a lodge on Lake Rathbun. Migration patterns, participant lifecycles, and the changing availability of financial resources all affect organizations’ abilities to react. Social capital mobilizing to address local development in Appanoose County is in an upswing as the county has created a number of active organizations in the previous three years. It took each of



these organizations a period of time to work out the kinks and begin a project. Now all of these organizations have each completed a project. The community of Leon appears to be poised for some additional social capital activity, but community members are still gathering support. Timing appears to have less impact on organizational presence in Carroll and Humboldt Counties, but if the fieldwork had occurred at a different point in time I would have captured the process of using social ties for a different set of projects. I mitigated against the potential bias in time by focusing the eight primary cases on stable long running organizations; the youngest organizations both come from the smallest communities in the sample.

### **7.3 Generalizing from this research**

This research was done in the context of small rural communities in Iowa because the state offered the best selection of prosperous, thriving rural counties and provided divergent cases within the same set of state policies. The deviant pathway case study design I chose allowed me to develop hypotheses and rival hypotheses that each offered a stark contrast (Gerring, 2007a and Gerring, 2007b). Prosperous places were chosen because they represented the counties most likely to display the positive relationships between social capital, financial capital, and place characteristics and prosperity. By contrast, Appanoose and Decatur County, with some of the most divergent scores among all rural counties in Iowa, represent the places that are least likely to exhibit the same set of actions. This case study design therefore allows the research to falsify hypotheses. This design choice also ignored a few outlier counties in Iowa (see Table 3.4). The design compares relationships in counties at either end of dominant pattern in the quantitative data. Therefore, these results are reasonably generalizable across a majority of the rural counties in Iowa and the greater rural midwestern region. Places with more extreme poverty or places with a different historical economic base of family farming should look to other research. Rural communities are an example of a small area and are in many ways comparable to neighborhoods in urban places. Rural communities offer a social scientist certain methodological advantages. The relationships between individuals are more transparent. The social world is more of a familiar map that everyone in the community feels that they understand – who is related to whom, who is an outsider, why are they here, who attends the major churches, and who is usually seen working with whom. One disadvantage is that people cannot always identify where they know someone from, and if you shop in town and you work in the same town you live in you just see other people who work and shop and live in town too. The particular set of communities that I chose to study was very homogenous, and my evidence for hypothesis 3 reflects a very narrow perspective of diversity.

It is possible that these networks are much denser than in bedroom communities, communities with more migration and a lower average length of tenancy. All of these factors erode social networks. One example of this network density is that it is possible to have events that permeate nearly every piece of a community's social fabric of networks. Lamoni Civil War Days has an organizing committee of 13 people, had over 75 individuals volunteer, and received contributions from 49 businesses, organizations, and individuals in a community of 2,324 of which approximately 1,000 residents are students at Graceland University. Similarly, the Leon Rodeo and Livermore Daze create a space for essentially every functioning organization in the community and surrounding communities to participate. The success of each event relies on this broad buy-in from members in the community.

This network density has both advantages and disadvantages for using social capital. An advantage is that the distance between people who have not worked together but have grown up in the same area may be significantly "shorter" and easier to bridge. Yet, this advantage also faces special obstacles in a transparent, dense social environment. This social world still contains a lot of opportunity for growth and expansion. Many people in the community are "familiar" with one another as in they could identify an individual's generic position in the community, but time and time again individuals discover the potential value and skills in other community members they only superficially knew. The false perception of knowledge about fellow residents, and who can offer what, might inhibit some groups from utilizing talent in the community.

Also, it can take extra initiative to become a leader. People who take leadership roles are visible, even if they are working on a smaller project. My primary case in Leon illustrates that some people are willing to use physical threats and resort to damaging property in an effort to reach consensus<sup>1</sup>. Through different means, people in Carroll and Appanoose counties openly questioned the individual motivation, responsibility, and worthiness of volunteers who were presiding over city funded projects. Choosing to volunteer has its consequences – everything that you do in the public sphere is visible. People are not afraid to express their displeasure. The new CEO at the Manning Regional Hospital referred to "grocery store consultations" he and other board members of the hospital would have when approached by private citizens asking about the hospital's need to rebuild. Despite the relative transparency, those who accuse and question the motivations of fellow citizens do not always identify themselves. In other examples in Decatur, Appanoose, and Carroll there were signed and unsigned letters to the editor and privately funded advertising to sway public opinions for or against volunteers who are stewarding public goods.

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<sup>1</sup> I found similar cases of personal threats and property damage in two separate rural communities in Oregon.

Despite the advantages conferred by studying rural places, documenting the breadth of social activity in each community was still impossible given the time and resource constraints of this project. There were many organizations and efforts that I never explored more than to hear in passing. There were a number of key individuals who I was not able to interview.

#### **7.4 Insights into local economic development planning and policy**

These findings have implications for intervention in local socio-economic development. First, from my cases, there was limited evidence to suggest that these places need help building social capital. Instead, planners should assist communities in using more effectively the types of social networks and ties that already exist. Secondly, forming ties to increase access to financial capital is especially important for economic development networks. Networks in less prosperous places rely on more bridging ties and fewer bonding ties to access this capital, and bridging ties require a different set of skills to build and maintain. This work suggests that social capital is tied to its context and that any effort to intervene should be cognizant and accommodating to the unique set of strengths and weaknesses in a particular place. In addition, the link between social capital and financial capital emphasizes the need to build a productive, wealth generating economic base with enough local ownership to produce surplus capital among residents.

##### **7.4.1 Shifting interventions from building to using social networks**

A useful alternative approach framing a policy response to social capital involves focusing not on building social ties but on creating different approaches for engaging with local communities who have different asset levels. Planners should think more about how social capital interacts with financial capital and place characteristics while planning policies or advocating for local economic development strategies. The distribution and level of financial resources in a community provides an important context for local social capital as it dictates who is available to join a group (businesses and individuals with surplus capital) and how a group will choose to solicit additional financial resources (primarily through bonding ties, local bridging ties, or using existing bonding and bridging ties to form new bridging ties). Considering the skills needed to implement local economic development activities, the availability of certain skills and trades like local contractors, bankers, and newspaper owners will also be tied to overall financial wealth.

Appanoose and Decatur counties have a number of active functioning networks addressing local development. These less prosperous places have a number of community initiated projects. The

quantitative data that suggested a lack of social capital is biased towards financial resources, overall wealth and settlement patterns in a county, and participation in national civic duties. For my sample of rural Iowa counties, the County Business Pattern data also inflates the importance of churches over other types of civic engagement establishments. I am not trying to suggest that social capital is everywhere or that some places do not have more trust or more participation in local civic activities. For these counties, an explanation based on the level of social capital was less insightful than observations about how people used social capital.

Planners should also reconsider how to engage with a community around economic development issues. Assuming that communities with lower socioeconomic indicators deserve a certain amount of resources for intervention, these communities do not always need assistance in planning their futures. After observing that individuals in these communities use a variety of channels to test ideas and gain support internally, this suggests that some assistance should focus on delivering services directly to existing organizations. Existing local networks need opportunities to develop new skills through experience. An effective strategy would target existing formal and informal organizations with small grant projects, skills to mediate relationships, manage volunteers and board members, and other resources that will improve their ability to take on bigger challenges. Among the four cases of communities in low prosperity counties, the communities did not need help identifying what needed to be done; they needed support in their effort to get things done.

#### 7.4.2 Accommodating the development process in less prosperous places through stratified policy

These insights complicate the idea that places that have more bridging ties prosper. Already prosperous places appear to be able to accomplish a lot of projects with fewer bridging ties. This is not to discredit the extensive set of literature that says bridging ties are important to communities because they are more likely to provide access to new resources, information, and additional people. It does reveal that bridging ties are especially important for communities with fewer financial resources. These communities will be challenged by the need to create bridging ties more often than communities with greater resources. Less prosperous places will be more reliant on ties to individuals and organizations outside of the community, especially on larger projects that have the potential to substantially influence the future of the place. Policy makers could consider a number of changes to accommodate the differences in social networks and ties that are likely to exist between prosperous and less prosperous places. In less prosperous places, agencies could modify the common community match requirement and allow communities to substitute social capital for financial capital when providing matching

resources for grants. There were several examples among the qualitative cases that suggest streamlining the paperwork for projects in less prosperous places. If some standards for historical preservation or engineering plans for public trails cannot be relaxed, agencies should provide financial or technical support for communities to meet these requirements. Therefore, the absence of some technical skill or expertise would not prevent communities from using programs or meeting requirements.

#### 7.4.3 Recognize the trade-offs between the efficiency of regionalization and making services more remote for less prosperous places

Trust provides the foundation for all ties, and trust of regional economic development groups, or even trust between economic development groups within a county needs to be built over repeated interactions where people have the opportunity to test one another (Putnam et al., 2004). The Carroll Area Development Corporation understood this concept when they institutionalized weekly full board meetings in 1985 when the organization was founded. These meetings still continue today among the 40 board members. Regional or umbrella economic development groups need to establish a type of routine contact with communities in order to create ties that can be called upon once a community has a project. The trend in consolidating counties into regional bodies for economic development, Extension Service areas, and other public funded programs complicates this process. By removing skilled and trained individuals from a county seat and placing them in a larger town in a central location, agencies have complicated the process of building and maintaining trust with people who can be important bridging ties. This process places a disproportionate burden on the communities who are most challenged to build these ties, smaller more remote places and places with fewer financial resources.

Integrating an understanding of how financial capital affects social capital provides a more complete picture of what social capital can and cannot do in a community. If policy makers are serious about reducing inequality between regions, the implication is that there is a role for social capital, but it might face even more hurdles in these less prosperous places. When agencies make decisions about how to allocate resources and how to create service provision regions, the implication from this research is not that some communities don't have enough social capital to respond to changes locally, but that their social capital stocks are fundamentally different and that they need to use different skills to accommodate for a lack of financial capital.

#### 7.4.4 Encourage local agency and local opportunities to generate wealth

Local reinvestment opportunities as well as the presence of productive assets, some of which are also locally owned and managed, are an important component to functioning social capital networks. Communities that foster and grow these local opportunities for wealth creation will have more autonomy during the implementation of a project. The relationship between social networks and ties and access to financial capital and skilled labor and knowledge represent a portion of the path-dependent nature of local development.

#### 7.5 Future Research

This research suggests a number of additional inquiries. First and most productively, more research should challenge the direction of causality between social capital and financial capital. This research suggests the need for historical studies in one place to understand how these two factors in a community change over time. Following up on Besser et al. (2008), there are still unanswered questions about how economic disruption affects social capital in a community. What happens to civic participation in informal organizations as local wealth increases? Is there a silver lining to the social capital resources in places like Centerville and Lamoni that have consistently addressed community wide conditions outside of formal institutions? Can social capital become apathetic and more institutionalized in communities with less financial or social change?

A related line of research should ask to what extent social capital can be substituted for other forms of capital. This study addressed how social capital is used or built in order to gain access to financial capital. Understanding substitutability is a separate and important question. As seen here, less prosperous places need to deploy more social capital resources. In addition, less prosperous places use less tenable forms of social ties, bridging ties, to acquire the necessary financial capital for a project. On multiple occasions, social capital resources were diverted from future planning to current maintenance. Social capital was a necessary component to nearly every project I studied. On multiple occasions projects were revised, and in one case cancelled, due to a lack of financial capital. Successful development requires both assets. Social capital appears to be better viewed not as an asset that provokes significant change but as a tool that can contribute to path dependence in economic development without significant intervention.

From this research, I believe our collective desire to rank order counties is counterproductive. These rankings do not reflect people's attitudes about their communities. Throughout my analysis I mention who becomes involved and where they come from. The fact that former residents are returning

to communities in Southern Iowa says something about the quality of the place that is not captured in a measure of prosperity or social capital. The city of Carroll provides a wealth of amenities for residents, but there are many people in the other communities who would not wish to live there: it is too big, the pace of life is faster. As I drove over 5,000 miles collecting interviews I only heard honking horns to signal a changing stoplight in Carroll. This is nothing against the city or its size, but that people settle in towns and call places home for a wide variety of reasons. I think it is important for practitioners and scholars to ground their research in the lived experiences of residents. Incorporating resident perspectives of community values, desired community futures, and additional examples of how community members address change will lead to a more nuanced frame of concepts like high and low social capital and prosperity.

This research challenges a previous narrative that social capital is strongly determined, and sometimes doomed, by a place's history. History matters but so does agency. Single individuals can convert social ties into business partners and board directors and launch companies. Previously unconnected individuals can create focused organizations that enact new development agendas in a community. Determined and sustained agency can overcome structural barriers to social capital, at least as was observed in the short run. The particular experience of rural, mostly white non-Hispanic Iowa provides only a narrow lens into the interactions between diversity, bonded social groups, and the challenges at forming and maintaining ties locally. In my results I find these place characteristics to be less important than access to financial resources. More research should be done to examine the interactions between economic change, financial capital, and social capital in diverse communities.

Finally, another area of research should also continue to test a simplified explanation that ownership affects the participation of major employers, banks, and other establishments. This would improve local efforts to build the widest set of bridging ties possible in the community. This knowledge could also be incorporated into expanding a typology of social ties that accounts for access to other forms of capital

In conclusion, some of the existing narratives of social capital in the place based development literature oversell the idea that a more bridging set of social networks and a more inclusive set of social norms makes a community more resilient. On the upside, within the structure of a place's history, settlement, and assets, there still exists agency to seek change. Communities are constantly adapting their social networks and ties. Some communities have faced fewer barriers in creating and sustaining social networks, while other communities have had more population changes and have faced more economic instability. Local individuals are actively using their ties and creating new ties in order to

accomplish local projects they find significant to their community's future. Social capital is an important asset for communities and should remain of interest to researchers and practitioners who try to understand and shape local economic development.



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## **Appendix A: Additional Examples of Social Capital Networks**

This appendix contains short examples of other functioning social networks within each of my four case study counties. I have grouped these observations by county.

### **A.1. Carroll County in Northern Iowa**

#### **A.1.1 Private investments in health and human services**

The city of Carroll is home to a registered non-profit New Hope Village which provides developmental services and housing for adults living with disabilities. New Hope Village began accepting residents in 1977 after three years of planning by area residents. The idea for the project came about through conversations between close friends of Jerry and Pat Millard who were living in Glidden, a small town in Carroll County. The Millard's had moved into the county for Jerry's position at a bank in Glidden, and they had a young daughter with Down's syndrome. The Millard's had come from the town of Clear Lake, Iowa and had heard about a local facility, Clear Lake Village, that provided a family living environment for disabled adults. The Millards were interested in creating a local facility that would provide care for their adult daughter when they could no longer do so. Jerry Millard spoke to his pastor, Rev. Wally Kinzler at the Methodist Church, who had been present during the original conversation. The two decided to pursue the project and gathered support for the idea from others in the community. Millard organized a trip to Clear Lake Village, and 35 community members attended. Many of these individuals would later serve on the organization's board of directors. The organization's second president was Chamber of Commerce President Lyle Bernholtz who served for 10 years and was an ardent supporter after his visit to Clear Lake. Throughout its history in the community, New Hope has been supported by the community.

The community's on-going support has allowed New Hope to create more opportunities for residents. As an example, for the past 20 years the Farner-Bocken company has hosted an annual Candy Classic Golf Tournament with all proceeds going to New Hope Village. In 2012, the event raised \$63,750. Carroll's second largest private employer, American Home Shield, promotes community volunteering for all employees, and the groups of volunteers sponsor events at New Hope Village for Christmas and Valentine's Day. New Hope has also partnered with a number of businesses to develop a work program in coordination with area businesses and provides transportation for crews of residents to work at different businesses in town. Residents provide cleaning services and sort mail among other tasks. New Hope has also purchased a number of homes throughout the city of Carroll and has provided a more integrated residential experience for residents who are capable of living more independently in smaller group settings.

The community is also home to St. Anthony's Regional hospital. The hospital was founded by an early leader in the community, Reverend Joseph Kuemper, in 1905. The hospital was rebuilt in 1977 and extensively remodeled recently. St. Anthony's is one of Iowa's 16 regional hospitals and has not adopted a critical access designation like the hospitals in the other three counties. St. Anthony's employs a staff of fundraisers and has held several capital campaigns over time to support the expansion of various healthcare services. The hospital is currently establishing an endowment fund and soliciting contributions to build the endowment. Many of the area's prominent business leaders serve on the hospital's board of directors and the hospital has recruited donors by traveling outside of the county and the state to make contacts with former Carroll County residents who might be willing to donate to their former hometown hospital.

#### **A.1.2 Transforming the built infrastructure of downtown**

William S. Farner served as the city of Carroll's mayor for over 15 years beginning in 1960, and the city's municipal building was named in his honor in 1983. During Farner's tenure the community

solicited federal funding for an urban renewal project and between 1969 and 1974 implemented a \$7 million dollar renovation project that demolished most of the historical central business district, rebuilt the area with a common façade, lighting, and awnings. The project also purchased surrounding lots and demolished structures for off-street parking. The city of Carroll made headlines at the time of the project's completion. It was the smallest city in the nation to participate in the program, and it had completed the project on time and within budget.

City leaders originally sought only to replace the county's courthouse, which was too small to meet the county's needs. In 1964 Farner and others traveled to Chicago to inquire about federal sources of funding for the construction of a new county courthouse. It was there that they heard about the urban renewal grant program. The group next traveled to Washington D.C. and discovered the federal government would finance 75 percent of the project if it met certain guidelines. The Carroll City Council was supportive of the idea and formed a separate committee to study a plan to designate the entire central business district as an urban renewal area. The owner and editor of the local paper, James W. Wilson, headed up the urban renewal committee. In 1965, Wilson wrote an article in the paper that intended to dispel some questions about the city council's motives, indicating that because the city was studying the issue did not mean that they would act unless it was shown that undertaking the project would improve business conditions and the city's tax base. The article describes the then current challenges in the central business district, "Briefly, the business core area problems as set forth in the application are: "structural deterioration and inadequacy; over-parcelization; inadequate space for customer parking." The article concludes by reminding readers, "urban renewal is designed to improve, not destroy, a community", and that most of the money for the project would be provided for by the federal government.

Carroll's central business district was rebuilt after a fire in the city in 1879, and area leaders unanimously seemed to view the historic buildings as completely out-of-date and unable to accommodate modern retail needs. Also, many of the buildings were owned by people who lived out of town, and several of the buildings were in disrepair. As other portions of the community were booming and the area was attracting manufacturers, leaders saw the central business district as area in decline. Carroll sits on the intersection of two major highways, and retail expansion now lines both corridors, but, at the time of the urban renewal process, local leaders wanted to concentrate shopping and retail opportunities in the downtown. Twice the community took major steps to ensure this. During the urban renewal process, leaders contacted the Vice President of J.C. Penny, who had grown up in Carroll, and asked him to occupy a large space in the new downtown, to which he agreed. This anchor retailer helped the community sell the rest of the lots, and J.C. Penny's is still operating in the location today. Secondly, when the community was approached by the Wal-Mart Corporation, local leaders asked that Wal-Mart build adjacent to the central business district and contributed to the creation of a large parking lot that would serve Wal-Mart and other retailers. The company agreed and only recently vacated the property to build a supercenter on the edge of town. A local construction company bought the old facility, renovated the structure inside and out and now leases the building to retailers and a restaurant.

### A.1.3 Investing in recreation

Both the city of Carroll and Manning support a community recreation facility. In Carroll, the community recreation center is a large complex adjacent to the area's branch location of the Des Moines Area Community College (DMACC). The facility was built in 1977 shortly after the city's first urban renewal process was completed in 1974. The city of Carroll operates the facility at a loss each year and has planned expansions for the facility. The city of Manning also maintains a community recreation center using an entirely different model. The facility is sponsored by the City of Manning, and the city



sells annual memberships and distributes key cards for the front door. The facility is accessible 24 hours a day but has limited options and no on-site staff.

#### A.1.4 Main Street Manning

The city of Manning is centered on Main Street, and in the 1980s the community remodeled its downtown and adopted a Germanic Bavarian façade style to bring cohesion into the downtown. The city-owned utility company was a major contributor and buried all of the electrical lines during the project. During the process, former members said that several different themes were considered, and the group eventually chose the Bavarian theme as it nodded to the community's German heritage. In 2009 the community was admitted to the state's Main Street program. The community members were whole-heartedly in favor of the Main Street Principle's and local members have made it a goal to become one of the state's best communities in the program. In 2012 the community was awarded a \$500,000 Community Development Block Grant for a Downtown Revitalization Project. The organization plans to restore 15 buildings to their original historical character in 2013.

Throughout this process, the Main Street organization has strived to partner with existing groups in the community. The organization hired a part-time director, formed sub-committees of citizens, and began an ambitious rebranding campaign. The new campaign was launched in the summer of 2012 with the slogan, Manning... It's Refreshing! (see Figure A.1). Nancy Puck was one of the members who helped design the town's logo and slogan. Puck returned to Manning after college and works in her family's business. She became involved in the efforts of Main Street to help promote and improve the town's quality of life.



Figure A.1: Manning Iowa's new logo and tagline unveiled in August of 2012.

## A.2 Humboldt County in Northern Iowa

### A.2.1 Adopting a public relations strategy from another community to build family aquatic center

Jim Vermeer, a newcomer to the community previously employed in Spencer, Iowa, brought his knowledge of and participation in a successful effort to build a new aquatic center in that community to Humboldt. After hearing about two previous failed efforts to pass a bond for an aquatic center; he decided to get involved. He joined the existing people who had been working on the project but soon assumed leadership and completely reformulated the informal organization's internal structure. He insisted that the group undertake an extensive public information campaign. Working behind the scenes as much as possible, this leader delegated responsibilities, assigned people to subcommittees, and worked aggressively to sell the message of the need for a new aquatic center. Ultimately, the group received a clear majority of votes (over 70%) for a bond issue, and the project was completed. Business owners and banks made large cash donations to the project while residents were encouraged to make smaller donations.

After the project was successful, the committee no longer had a mission and stopped meeting. Vermeer went on to found the Humboldt Area Arts Council, and, after getting the organization going, he stepped back and let others manage the coalition's events and building space.

### A.2.2 Humboldt Community Schools High School Athletic Boosters Club infrastructure projects

The local school system, Humboldt Community School District, is not county wide, but it is approaching that unity through whole grade sharing systems and recent closures in adjacent school districts. The district is highly rated and through Iowa's open enrollment policy is attracting students from neighboring towns. The school benefits from the recent passage of the local option sales tax, which sends back a proportion of the 1 percent statewide sales tax to the county. This money is proportionately distributed to every community that votes to initiate the sales tax and can be used for public infrastructure investments. The school system in Humboldt recently built a new middle school with the money from this tax, although previously the school struggled to have enough funds to make these kinds of infrastructure investments because of Iowa's school spending rules.

In the early 2000s, before the tax was in place, the school needed a weight room and multipurpose building to be competitive with regional school upgrades. Yet, the school was unable to fund the investment. The Athletic Boosters pulled together donations and volunteer hours to construct the facility, which is 60 feet by 130 feet. Over the course of two years the group solicited more than \$255,000 from the community for the building, weight equipment, improved flooring, and other upgrades. One of the contractors in town, Jim Gronbach, served on the Athletic Boosters board during the multipurpose gym project and has continued to volunteer time and talents for 15 years. Gronbach became the unofficial liaison and general contractor for the project, working with the rest of the board to design the building. His goal was to build the facility "as cheap and feasible as possible while still having a viable and practical project". To do this he coordinated volunteer labor for large portions of the project. Volunteers came out to pour concrete, paint, and do as much structural work on the facility as possible; he worked with other contractors in town to hire labor to finish the project. It was the largest project the boosters club had ever attempted in the community, and members of the group commented on the amount of support the community offered. It helped that Jeff Guargano, at the local newspaper, is an active supporter and was a member on the boosters board at the time.

### A.2.3 A group of citizens form an organization to build a statue to honor Frank Gotch

Frank Gotch (1878-1917) made it a point to return to and support his hometown of Humboldt Iowa throughout his highly successful wrestling career. Gotch is credited with bringing wrestling to popularity in America at a time when the sport was highly respected and a much different endeavor than today's staged professional bouts. Historians have noted that during his career, Gotch was more widely known than Michael Jordan, and he was the first athlete to receive endorsements to appear in advertising campaigns and the first to have his picture distributed on a small cardboard card (like a baseball trading card). He was asked to move to New York and to act in Hollywood movies, but turned down all offers preferring to stay in Humboldt where he was a farmer and owned part of a local bank. He died at a young age from kidney failure but at the time was being asked to run for the Governor of Iowa. Gotch chose to train for his matches on the Bicknell farm right in the heart of downtown Humboldt, and crowds as large as 2,000 would gather to watch him. The Bicknell farm was in part donated to the city as a park, and two years ago a group of locals were approached by an outside historian who has written several books about Gotch to properly commemorate Iowa's greatest athlete. A combination of historians and wrestling fans formed a committee and designed the project, raising \$100,000 for a large bronze statue surrounded by engraved donor blocks. The project was completed and erected in Bicknell Park this summer (2012).

## **A.3 Appanoose County in Southern Iowa**

### A.3.1 Changes to the built infrastructure

Renovating and improving the downtown of Centerville is one of the key focal points for the county's civic engagement driven development. The square is the heart of the community and stays busy from 8

until well after 5 as restaurant patrons frequent a few longstanding favorites. The historic buildings around the square are nearly intact and feature several architecturally unique facades. The private ongoing investments by a former county resident, Morgan Cline, have been instrumental in shaping the downtown square. Since 1996, Cline has restored over twelve buildings in Appanoose County, most of them on or near the downtown square. Morgan Cline and Bill Burch's investments in the community have included rehabilitating a number of historic properties: the Historic Continental Hotel (1893); The Majestic Theatre (1913); the former Bradley Bank building; the former J.C. Penny's; and the former Hy-Vee. Off the square but still close to downtown, Cline has also purchased and rehabilitated a number of private homes, Most are now rented to private businesses: the Fenton family home (1855); the Bradley Mansion (1909); a home built by Governor Drake for his daughter (1902); and the A.E. Wooden home (1895); and Porter Hall. Cline also renovated the State Street Station, a historic gas station, which he later gifted to the historical society. In addition, Cline has several projects in Exline, a community of 157, The Exline Old Country Store and Antique Exchange, new construction; Ponds and Prairies a housing development on his family's former farm; the Coal Miners Commons, a retirement community of small cottages; a restored country school; and he built Exline a museum.

Cline, the son of a coalminer, grew up in Exline, a few miles south of Centerville. He moved away after graduating from high school and still lives on the East coast. Cline achieved financial success marketing pharmaceutical products. He works with a local partner, Bill Burch, to buy and renovate historic buildings in both Centerville and his hometown. Burch manages these buildings and in turn rents them to business owners. One of his largest buildings, the Continental Hotel, has a restaurant, rooms for rent, and elderly housing apartments. Many of the buildings on the square provide a mix of residential, office, and retail space. In his most recent completed project, Cline paid to restore the Majestic Theatre, one of two old theatres on the square. The three-story Majestic sits on a side street of the square, and Cline has purchased two adjacent, currently vacant, buildings and renamed the area "Pill Row" in a historic reference to a time when several pharmacies lined the street.

Cline's generosity has provided renovated retail space for several area business owners. Although he is not a current resident of the community, he has created a distinct mark on the built infrastructure of the community, and his investments have done a great deal to transform the downtown square. Bill Burch has also made his own investments in at least one building on the downtown square, providing a mix of residential and retail space like Cline. Burch has been a vocal advocate for change, and beyond managing Cline's investments, he has made personal investments in the effort. During my stay in the county, Burch's organization, GoCenterville, hosted staff from the Iowa Main Street Program. Centerville's square has historical significance and qualifies for the program. The meeting was well attended and a lot of business owners asked questions. People see the square as an important element of the community, and there was also an attitude that while this might be a good thing, no one should be able to make too many changes without talking to others

### A.3.2 Health and recreation

Currently the community is addressing multiple recreation projects. The North Shore Trail at Lake Rathbun opened over the summer (see Figure A.2). The Morgan Cline Sports Complex of multiple soccer and baseball fields is still under construction, but is nearing completion. Local groups, including Friends of the Parks and the Betterment or Bust group, are fixing up the city's municipal parks.

The North Shore Trail at Lake Rathbun is a coordinated effort between two groups of local residents in separate organizations, Rathbun Snowriders and Appanoose County Trails, and the Army Corps of Engineers and the Iowa Department of Natural Resources. Local residents are seeking ways to continue to build recreational amenities at Lake Rathbun since the resort at Honey Creek Resort State Park opened in the fall of 2008. A former grassroots organization, Project Pride, wrote a successful application to the statewide program, Iowa's Great Places. The Great Places Program provides state

grants to communities who qualify to improve or implement a series of projects in their community. In the successful application Project Pride had recommended the construction of additional trails at Lake Rathbun. Before the project could be completed, Project Pride lost some members to out-migration and suffered a loss of confidence among the wider citizens in the community of Centerville and the group disbanded.

Nancy Huisman, a certified civil engineer, grew up in Centerville and left to go to college, start a family, and start a career. When she had an opportunity to buy into her family's engineering firm in Centerville, she decided to return. Having lived outside of the community, Huisman was looking to bring certain quality of life elements to Appanoose County, especially outdoor recreational opportunities. Huisman has since become involved in a number of efforts in the community. She has a two-fold goal to improve natural amenities in the community to increase her own recreational options and to provide more incentives to her high school classmates who have left but might be looking for opportunities to come back. Huisman attended a public meeting about recreational amenities and heard about the abandoned project to build a new trail. She and others with similar interests decided to pick the project back up. The group started with a small amount of money from Iowa Great Places. Members worked with the Army Corps of Engineers and Iowa Department of Natural Resources to develop a trail plan that met everyone's needs, and during the process brought in the Rathbun Snowriders organization, which who had been forming trails around the lake during the winter season for snowmobile riders. Huisman provided the civil engineering for the project and the group formed a non-profit organization, Appanoose County Trails, in order to apply for additional funding sources and seek donations to finish the project. In the end, the organization received an American Recovery and Reinvestment Act grant that covered a majority of the project's costs. The eight mile trail opened in the fall of 2012. The trail has two parts, a mostly paved walking and bike riding path and a parallel path designated for snowmobile use. The Appanoose County Trails continues to work on additional projects and recently completed a water trail for canoes and kayaks on Lake Rathbun that leads to a canoe/kayak only campgrounds.



Figure A.2 Rathbun Lake North Shore Trail, submitted and published in the Daily Iowegian April 6, 2012

Rollie Reznicek owned Owl Pharmacy, a business with a 100 year history on the square, for 28 years before selling to his son Frank. Reznicek serves as the president of All Play, Inc., a non-profit that was formed to build the Morgan Cline Sports Complex. Reznicek supports the creation of the sports complex and activities at the YMCA because he believes the community needs recreational opportunities for young people to reduce crime and build better future citizens. The All Play, Inc. sought to create a complex of athletic fields that would attract area teams to host tournaments at the facilities. The group has held a series of fundraisers and relied on grant applications to raise enough money for the project. Work on the project is still underway, and the project has attracted the volunteer efforts of a lot of younger adults in the community, and especially those with a sports background or who have young children playing sports.

The Friends' of the Park organization was formed by a former mayor during her term as she realized the city budgets could not maintain parks. She called a public meeting and asked people to get involved to do what the municipality could not afford. The Friends of the Park has held fundraisers and used volunteer labor to start a number of small projects in the city's parks. The Betterment or Bust group joined the Friends of the Park organization to give the city's largest park a facelift by trimming trees, clearing brush, and rehabilitating the disc golf course located in the park.

#### A.3.3 Grassroots organizing to promote community change

The city of Centerville continues to undergo change, and the town has continued poverty and unemployment problems as well as an increasing amount of drug production and sales. Recently, a statewide police program to crack down on drug use was piloted in Appanoose County. The program added a charge of child neglect to any drug arrest when a child or evidence of a child's presence was found during a drug raid. The program's crime statistics led to the publishing of a particularly hurtful article on April 3, 2011 on the front page of the Des Moines Register, the most commonly read paper in the state, titled, "1 in 25 kids abused in Centerville". This was days after a March 30, 2011 Des Moines Register front page article titled, "Big disparity found in health of Iowans." The article, using results from a Wisconsin Health and Population study, found Appanoose to be the least healthy county in the state. In late 2010, local resident Bill Burch sounded a rallying call for Appanoose County to work harder and slowly climb out of the bottom of the state's rankings, ambitiously titling his vision the 10.10.10 project. He thought the county could go from the bottom 10 to the top 10 within 10 years of hard, concerted efforts. He emailed over 200 residents in town, people he knew from various encounters and all people whom he thought would have some interest in improving the quality of life in Centerville. This grassroots organization was formed in the fall of 2011. The organization's creator convened a large public meeting where people discussed strategies and chose priorities for community change. Next, the group formed subgroups of citizens focused on addressing key issues in the community. Many of the 10.10.10 groups that started with enthusiasm have stopped meeting altogether. The most active subgroup remaining today is a combination of private citizens and city elected officials who are addressing renovation and demolition of the town's aging and declining housing infrastructure. This group is working with the four-county Chariton Valley Regional Housing Trust Fund and has one member serving on the regional board of directors

Others in the community formed a second grassroots organization, Betterment or Bust and shorthanded as the B.O.B. group. In January of 2012, Bob Greene, an 86 year old resident who left the community during part of his career, started talking about starting another group in town. With the help of Nancy Bennett, a local business owner and nationally recognized muralist, the Betterment or Bust (B.O.B.) committee started. This group meets every Tuesday night, usually at City Hall. Membership is free and all meetings are posted. The B.O.B. committee's motto is to "Keep the FUN in Fundraising!" This group's approach is to support existing projects in the community and help other organizations by raising additional funds or volunteering for work projects. The group is not interested in taking over long

term ownership of any particular cause but to breathe new life, fresh ideas, financial support, and volunteer labor to existing efforts in the community. The group contains both men and women, young people who have recently returned to the community, middle aged people, and elderly people. Some own businesses and others just want to volunteer. The group has no official structure although Nancy Bennett sends out emails and another runs the weekly agenda. The decision to meet weekly was intentional. Several in the group were frustrated from their participation in other organizations that only met monthly and as a result accomplished little. This group's structure is a deliberate response to apathy and a lack of progress. At each meeting the group uses a consensus method to reach a decision for agenda items: outline specific tasks and delegate those tasks or table the issue to a future date after other projects are completed. The structure is meant to build responsibility and accountability within the group. So far, the group has influenced many different organizations and has contributed to several projects: volunteer labor to paint low income houses, replacing the windows in the meeting space of the 18-80 organization, maintenance and repair at the VFW meeting space, creating concrete slabs for the disc golf course, clean up at Morgan Cline City Park, and painting the State Street historic gas station.

A.3.4 Appanoose County Community Railroad Inc. is formed to maintain rail access in the community

The local community formed a non-profit, the Appanoose County Community Railroad Inc., and now owns and operates 35 miles of track that were abandoned by other railroad companies. The following information comes from an unfinished document written by Bob Beck, which I obtained from Dave Taylor, titled "Notes on the History of the Appanoose County Community Railroad." In 1981 the community's only railroad, Rock Island Lines and Burlington Northern Railroad, stopped service and went to bankruptcy court. Dave Taylor, President of Iowa Trust and Savings Bank, and other local residents organized a committee to raise money to buy the first 10 mile portion of track. A total of \$2.25 million was needed for the project. As the group sought money for the project, they also worked with the lawyers of Union Carbide, which at the time was the railroad's biggest user, to fight measures in bankruptcy court that wanted to pull up the track and auction off every remaining asset the company had in the community.

Local residents sent in small donations that totaled \$50,000, and local businesses contributed another \$200,000. Banks in Centerville loaned the organization \$200,000, and the group made numerous grant applications to state and federal institutions, which secured the final \$1.8 million. Ruth Taylor was involved in the 1980s fundraising drive and remembered the community's response, "The community was so concerned about this that people sent in just one or two dollar donations. People said we don't want our community to become like it was when the mining stopped." The community kept working to raise money and purchased the first locomotive in 1984. Local residents who had previously worked for the railroad donated their time and expertise. The community began to haul freight in December of 1984. Dave Taylor and *Daily lowegian* owner and editor Bob Beck were members of the non-profit organization, Appanoose County Community Railroad, which owned and operated the railroad. This non-profit board worked closely with the local chamber of commerce when the effort first began, and at the time the Chamber formed a railroad committee.

The intervening years of 1984 to 1988 were hard for the railroad. The county was recovering from the farm crisis and some of the railroad's contracts were broken by companies that could not meet shipping projections. Right after the community started operating the railroad, Union Carbide had a gas leak in India, and the company sold off its Centerville plant to a new company, Viskase. The group also had medical bills from an employee injury and track maintenance costs. One bright spot is that the presence of the railroad helped attract the Rubbermaid Corporation to the community. The railroad could not meet its debt obligations and was accruing unpaid taxes with the county, the city, and the Iowa Department of Transportation. Board members were looking for a way to keep the project solvent. In 1988, the President of Hawkeye Bank and Trust Co., who was on the board of the Appanoose County

Community Railroad, launched a second effort called Save the Railroad. The mayor of Centerville, a county supervisor, and managers of the town's two biggest employers (Rubbermaid and Viskase) were also members of the committee. In 60 days the committee raised the money to pay off the railroad's outstanding debt, purchase another 11 miles of abandoned track, and improve its ability to operate. Since then, the community has replaced bridges, ties, and purchased another 26 miles of track to keep the railroad lines functioning (Beck 2003).

#### **A.4 Decatur County in Southern Iowa**

##### **A.4.1 Grant writing**

Lamoni, aided by its higher educational attainment and familiarity with outside funding sources, uses grant writing as a way to fund projects and find resources, much more so than Leon. Both communities rely on grants for various projects, but several people in Lamoni have adopted the title of grant writers in the community, while no one spoke about similar people among the Leon population. Lamoni has successfully built numerous projects and benefits from having the tenacity of a few citizens who write multiple grants a year and who have reapplied in some instances when initial efforts failed. Successful efforts include a new fire station, beautification sculptures and plantings, and a renovated library among other projects. Through a competitive application process, Lamoni has been nominated and been chosen as one of America's Best 100 Communities for Young People for five years in a row (2007 to 2011). America's Best 100 Communities for Young People is supported by America's Promise Alliance, a non-profit umbrella organization, which includes over 400 organizations across the US concerned about youth and located in Washington D.C. Lamoni is one of two winners in the state of Iowa and one of 22 communities that have won the award 5 consecutive times or every year since the honor has been given.

On the award's website four different community organizations are listed: A community youth center managed by the AmeriCorps, a City Recreation Director, SAFE Community Coalition, and a federally funded school nutrition program. In 2012 Lamoni was also named one of the five Best Intergenerational Communities in America by Generations United and MetLife Foundation. Lamoni's application includes this summary statement,

When a problem needs fixing or an issue needs attending, residents of every age are ready, willing, and able to help out. Responsibility for intergenerational efforts does not fall to any one group in Lamoni, but is a social norm for community life. All ages work together, and every resident has a special role to play. You might say intergenerational collaboration is part of the town's DNA. From the time they're very young, Lamoni children are exposed to service learning. Schools help partner young people with businesses, civic groups, social clubs, and other youth organizations to work on projects designed to better the community (Melissa Ness, Generations United Blog, posted April 4, 2012).

This award also highlight's the community's SAFE Coalition as one of the chief assets in the community that promotes intergenerational relationships.

##### **A.4.2 Grassroots efforts to improve Leon**

The president of the Leon Chamber of Commerce, Heidi Bell, decided to hold a public meeting in January of 2011 to discuss the community's future. Heidi had moved into the community after marrying her husband, a farmer who grew up just north of Leon. The two met at Iowa State University and are now raising a family in Decatur County. Heidi helps with the family farm operations but also decided to open a coffee shop on the square. She thought that the community lacked restaurants with nutritious menus and a place for women to gather and socialize. Her coffee shop seeks to do both things.

As a younger mother and someone who has spent time in larger cities, she prizes the safety and friendliness of Decatur County but also wants more opportunities for her family. Heidi started as Chamber President in January with a general sense that the community needed to be rejuvenated.

Speaking about her motivation to hold a public meeting, Heidi said, “I thought we need to have direction and not sure what direction to lead people and not wanting to come up with my own ... we just publicly announced this and invited anyone to come.” The meeting attracted a variety of people, and the group brainstormed about the community’s future. At the end of the meeting four ideas were emphasized and people were invited to sign up for follow-up work on committees. The community decided to pursue Civic identity, Community Coordination and Collaboration, Economic Development, and Beautification and Infrastructure in separate committees. Speaking about her community, Heidi said,

There is such a misconception of ‘who’ lives in Decatur County. In the 13 years I have lived here, there has been a migration of college educated, young adults migrating back to the area for a variety of reasons. My personal story was to be able to farm and raise a family in a small town environment. Others have migrated back for jobs, to be closer to family, and for the pace of life a small town offers. Because of this migration, I see a lot of passionate young families engaging in the community on a variety of boards, volunteering to lead youth activities, etc.

Since the organization’s first meeting, the four subcommittees continue to act. The Civic Identity subcommittee sent out a community survey, and the committee of three women has created a logo and a slogan for the Leon community. The Beautification and Infrastructure Committee has held a town-wide clean-up day and garage sale day to encourage people to sell or dispose of unwanted items. The Community Coordination and Collaboration team is looking into ways to build an accessible and easy to manage community calendar so that various organizations can first coordinate events, meetings, and charitable fundraisers internally and then market these events to the wider public.

#### A.4.3 Social capital among agricultural producers

Recently a federal policy proposed closing a series of Farm Service Agency offices throughout the country. Decatur County was one of three offices proposed to be closed in Southern Iowa. Appanoose County was also placed on the list. Both counties had huge turnouts at public meetings organized by the FSA, expressed their anger over the issues, organized letter writing campaigns, and tried to enlist the help of their congressmen. Furthermore, six farmers from Decatur County obtained a lawyer from Des Moines and filled a lawsuit in federal court to stay the closure. I heard about the lawsuit while in Decatur County and interviewed Ruby Smith, the owner of Smith Feeds in Leon. She spoke with pride about the local county’s ability to organize and defend its stance, given certain unjust aspects of the FSA’s decision. Mrs. Smith chose not to disclose who was involved in the suit or why the farmers chose to work together; only later did I find a published article that mentioned her involvement along with other farmers. In Decatur County. Not unlike the other counties, the local farm bureau organization is often a locus of leadership within the agricultural community. Members of the Southern Iowa Biodiesel company recounted that getting the local Farm Bureau to support their project was a win for the group of people mostly from Lamoni and helped the organization find some initial investors among farm families in the county. The hospital board’s first public question and answer session to talk about the revised plans to rebuild the local hospital occurred at the county’s farm bureau meeting.

Within the agricultural community, there are still plenty of divisions, and the agricultural interests around both Leon and Lamoni have also created territorial based patterns of investment. Leon, as the county seat, also contains the county fairgrounds and hosts the county fair each year. Seeking to capitalize on the facilities, 50 years ago a group of Leon men decided that the community should hold a rodeo at the fairgrounds as an opportune way to promote the community and offer some summer entertainment. This idea grew and grew until the rodeo held at Leon became an award winning event. Perhaps indicative of how hard it is to create any county wide project, or the realities of the differences between residents of each town, the rodeo is not called the Decatur County Rodeo but the Leon Rodeo. In turn, Lamoni built its own fairgrounds, which are much more modest. This fairgrounds



facility hosts an “exhibitor fair” shortly before the Decatur County Fair during which Lamoni area agricultural products and livestock are on display and in competition. Lamoni also started its own rodeo, an event that does not have nearly the size or prestige of Leon’s. Some in the county acknowledge the absurdity of this duplication, particularly when Leon is the county seat and the rightful home to a fair and has such a prestigious rodeo event. Others perceive the differences as a local challenge, a goal that Lamoni residents and organizers are working to overcome. The historical decisions are often easier to repeat than to choose to make new decisions. The importance of livestock and the presence of horses do separate Southern Iowa counties from others. Grand River, a town of 236 in northern Decatur County, also hosts its own rodeo.