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Are We in the 4th Wave of Economic Development?*

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Abstract: How states, as well as communities, have approached economic growth and development policy has varied over time, going through various stages or waves. The idea that we have gone through three such stages or waves has been widely discussed and studied by both academics and practitioners. In this address, I lay out a series of arguments that we have entered a fourth stage or wave in how communities approach economic growth and development. Specifically, communities are refocusing their attention less so on promoting business development and more on making their community attractive to people. Sometimes referred to as "place-making," the idea is that if we make the community as attractive to people as possible, people will want to live in the community and create business opportunities. This shift from focusing on people rather than businesses is fundamental to how communities think about economic growth and development.
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1. INTRODUCTION

State and local governments have a long tradition of trying to influence the competitive position of their state and or community. For example, in 1791, the State of New Jersey offered tax incentives to industrialist Alexander Hamilton to encourage the location of a manufacturing plant. The famous Erie Canal, completed in 1825, is one of the first public investments in infrastructure and was largely justified in terms of offering a cheap and safe way to transport agricultural products to markets in the name of economic growth and development. By 1884 the State of Pennsylvania had invested over $100 million and placed promoters of Pennsylvania on the board of directors of more than 150 corporations.

This tradition of investing public monies to influence the investment decisions of businesses remains alive and well today. In 1993, Alabama persuaded Mercedes-Benz to build its first U.S. auto plant in the state by offering the company $235 million in incentives, or $169,000 for every Mercedes job. The bidding between Alabama and other Southern states

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became so intense that in the end, Alabama agreed to purchase 100 of the Mercedes vehicles produced at the plant for the state car fleet. In 2017 the State of Wisconsin presented Foxconn, a Taiwanese company, $3.5 billion incentive for the location of the company's first manufacturing facility in the U.S. The original proposal had Wisconsin paying Foxconn up to $200 million per year for 15 years as part of the incentive. When it became evident Foxconn had no intention of making significant investments, a new governor basically rescinded the package. Most recently, Amazon announced that it was seeking "bids" from states and cities to "host" the company's new "World Headquarters 2". The company even outlined what it was looking for in any incentive offers. Dozens of states and local governments presented incentive packages, including a joint bid between the State of New York and New York City that included $1.525 in tax breaks, cash grants of $325 million, along with other incentives. After significant push-back by residents of New York City, Amazon announced that it had selected Arlington County, Virginia, which offered $573 million in tax breaks, $23 million in cash, and other incentives.

While the long-term effectiveness of the large incentive packages has been widely challenged in the academic literature (e.g., Gabe and Kraybill (2002); Oukarfi and Baslé (2009)), they remain popular, particularly amongst politicians. In a series of unpublished essays, the political scientist Peter Eisinger noted that politicians, particularly at the state and federal levels, have exceptionally high discount rates because of short election cycles that cause them to look for immediate returns to policy. Further, many of these politicians are driven to promote policies that gain media coverage. For example, if a politician is faced with investing in long-term policies aimed at helping 50 small businesses grow by two employees each (a net gain of 100 jobs) or offering a tax incentive to encourage a business with 100 jobs to relocate, the political incentive is to focus on the latter. While the research is detailed that the former has stronger long-term sustainable impacts on the economy, the political incentive is to promote the latter at a potentially high cost to taxpayers.

Elected officials, community leaders, and concerned citizens at the local level often have a different perspective, particularly in terms of their individual discount rates and perspective of the community. At the local level, these decision-makers are often seeking to improve the community for their children and grandchildren. As such, they are less interested in potential short-term gains that come with high risks and are more interested in investments that can have long-term sustainable impacts on the overall well-being of the community. This different perspective often puts state and local-level approaches to economic growth and development at odds creating unnecessary confusion and conflict.

The aim of this Southern Regional Science Association's Fellow's Address is to review historical trends in approaches to economic growth and development. As our conceptual understanding of the economy develops and matures, we gain finer insights into what policies may or may not work. Further, the economy itself has undergone fundamental structural shifts, such as the movement away from goods to the service-producing economy. As such, the drivers of economic growth and development at the local or regional level have changed over time. To what extent have our strategies around economic growth and development changed to reflect our understanding of the economy and the drivers of economic change? I will argue that many local communities are "ahead of the curve" in embracing what I refer to as the 4^{th} wave of economic development.

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2. WAVES OF ECONOMIC DEVELOPMENT THINKING

Many scholars of economic growth and development have outlined how our thinking around policies and strategies have changed over time often in terms of different waves (e.g., Eisinger (1988); Eisinger (1995); Ross and Friedman (1990); Shaffer et al. (2004); Shaffer et al. (2006); Deller and Goetz (2009); Deller (2014)). Three distinct waves have been identified: (1) business recruitment, (2) small business development and entrepreneurship, and (3) public-private partnerships. Across each of these different approaches, or waves, how we think about business climate comes to the forefront.

The start of the first wave is widely associated with the Mississippi Balance Agriculture with Industry (BAWI, 1933) policies of the Great Depression era. Policymakers at the state level in Mississippi elected to encourage businesses, predominately manufacturing firms in the northern states, to relocate to Mississippi. The state argued that Mississippi offered a stronger "business climate" than most northern states because of the lower costs of labor and land along with limited regulations and taxes. Given that our theoretical understanding of firm location was in its infancy and centered on neoclassical theory, the notion of driving down costs to enhance profitability was reasonable. This line of thinking, however, continues to dominate popular notions around what constitutes a positive business climate. For example, in promoting itself as a business-friendly state, the Texas Governor's Office proclaims that (emphasis added):

> Texas offers companies of all sizes and across all industries one of the best business climates in the nation, with a fair, transparent tax and regulatory structure designed for businesses to succeed. With no corporate or personal income tax at the state level, companies operating in Texas enjoy one of the lowest overall tax burdens in the country. Texas is committed to maintaining its position as the best state for business and passed legislation providing over $4 billion in tax relief for businesses. Texas prides itself on being a right-to-work state and will continue to make strategic investments to ensure it maintains its competitive advantage, allowing businesses to prosper and grow.

The economic development organization of the State of North Carlina declares (emphasis added):

> North Carolina has a proven track record of reducing and streamlining business taxes. At 2.5 percent, our state has the lowest corporate income tax rate in the country. North Carolina's business costs rank among the lowest in the nation, making our state a more profitable place to work. Recent tort reform, streamlined practices, and the strengthening of business courts in the state have earned North Carolina accolades and rankings among the best legal climates in the U.S. What does this mean for you? When there's less red tape and litigation, your business can reach new heights faster.

Similarly, Florida's economic development organization states (emphasis added);

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> Florida consistently ranks among the best states for business, thanks to its pro-business state tax policies, competitive cost of doing business, and streamlined regulatory environment. Florida is working on legislative, fiscal, and marketplace initiatives such as insurance tort reform, targeted industry incentives, and many more. Florida is also a right-to-work state. Businesses thrive in this low-tax environment, and employees enjoy the benefit of no personal income tax.

Many of these statements purporting to make a case for a positive business climate follow the same logic behind the Mississippi Balance Agriculture with Industry from 1933. Here, the focus of the first wave of economic growth and development thinking focuses on recruitment of firms into the region; larger firms such as the Foxconn, Amazons or car manufacturers receive most of the attention; and tax incentives are a cornerstone of all specific actions.

In addition, as indicated in Cynthia Roger's SRSA Fellow's Address, through the use of tax increment financing (TIFs), these incentive packages often involved major public investments in infrastructure. While tools such as TIFs can be abused, their use raises legitimate questions about the role of governments in supporting existing businesses. If a local business has plans to expand, but the expansion requires an upgrade to a road or water services to the business or perhaps expanding a local fire department station, should the local government support such an investment? Alternatively, a business would like to relocate to the community but needs some public investments such as a road upgrade; is that unreasonable? I think that reasonable people could argue that such public investments could be justified, and TIFs are a mechanism to help pay for those investments. Clearly, each case requires unique consideration, and the benefits of the expansion or relocation outweigh the costs of the public investments. The difference is throwing money at businesses in order to secure a "win", such as Wisconsin and Foxconn or Alabama and Mercedes-Benz, versus strategic and targeted investments of public dollars with plans to pay for those investments well thought-out.

Starting in the late 1970s and moving into the 1980s, emerging research began to challenge the conventional thinking that large corporations, in particular manufacturers, were the drivers of economic growth. Beginning with the work of Birch (1979, 1981, 1987), among others, evidence was building that job growth was coming not from the "Fortune 500" or the largest American corporations, but rather small and medium-sized firms. More recent work (Decker et al. (2014) and 2017), as well as some of my own work with Tessa Conroy (2015), notes that the bulk of net job creation in the U.S. comes from new firm formation, which tends to take the form of smaller firms.

At a definitional level, new job formation comes from two sources: new businesses (entrepreneurship) and existing businesses expanding and hiring more workers. Some existing firms, however, are also closing and/or contracting, resulting in workers being laid off. The key is the net difference between existing firms adding and shedding jobs. Using the U.S. Bureau of Labor Statistics' Annual Business Employment Dynamics Data series, it is possible to track changes in job growth over time (Figure 1). From 1979 to 2018, new businesses were essential to net job growth. Absent jobs from new businesses, there would have been a net employment loss as jobs lost from closures and contractions exceed those gained from expansions alone.

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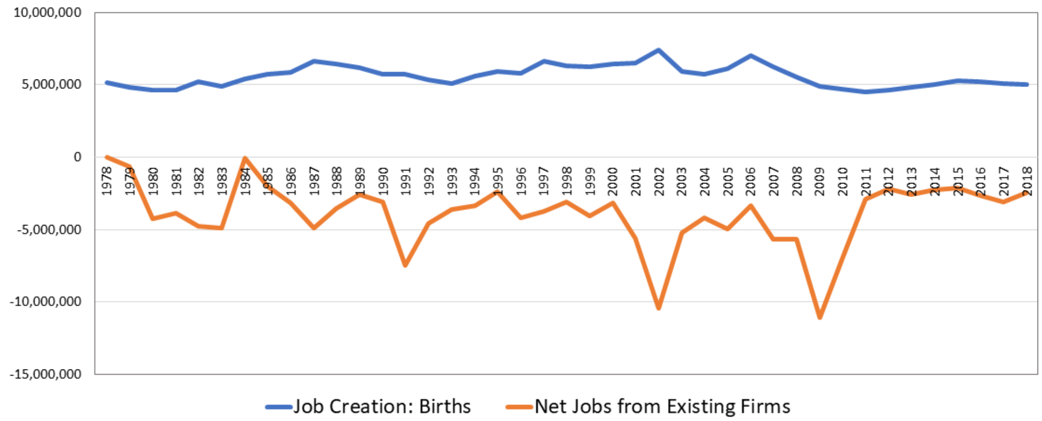
Figure 1: U.S. Net Job Creation



Source: Bureau of Labor Statistics' *Annual Business Employment Dynamics Data.*

The fundamental shift in the sources of job growth in the U.S. away from the Fortune 500 to new business formation, coupled with a stronger theoretical understanding of the importance of entrepreneurship to innovation within an endogenous growth framework, saw a surge of interest in fostering small business development. Here the second wave of economic growth and development began to take hold. Eisinger (1988) celebrated what he referred to as the "rise of the entrepreneurial state:" state and local governments moved away from focusing solely on the recruitment of large firms through incentive packages and "old school" thinking around business climate to working with new and existing businesses.

Strategies around providing technical assistance to new and smaller businesses began to take hold. Finding sources of capital to help businesses start or grow beyond initial startups moved front and center for many economic development organizations at the state and local levels. These could take the form of seed grants and small loans to the identification of "angel investors" in the local community. Local and regional economic development practitioners began to think in terms of attracting venture capital into their communities. One of the most popular strategies at the local level was the formation of business retention and expansion (BR&E) programs. Here practitioners and community leaders would focus their energies on businesses that were already operating within the community.

For many elected officials, these conversations with local businesses opened their eyes to alternative notions of a positive business climate. Local businesses were willing to pay taxes to support key public services. Indeed, because many of the business owners lived within the community where the business operated, the owners expressed desires to invest in local services such as schools, roads, and recreational opportunities because it made the community a better place to live and conduct business. Elected officials found that regulations in and of themselves were not a negative to the business climate but could be a positive because they established the "rules of the game" and eliminated some degree of uncertainty. These same officials also learned that what appeared to be random changes to or enforcement of those regulations created a poor business climate.

Through these conversations with new and existing businesses, the notion of supportive

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networks became apparent. At the same time, the notion of Porter-type clusters became popular with the U.S. Department of Commerce's Economic Development Administration. Local economic development practitioners, elected officials, and community leaders came to better understand notions about comparative advantage and how they could use economic clusters to be more strategic in devoting limited resources to economic growth and development strategies. Perhaps most importantly, local leaders came to understand and appreciate that their local economy was a part of a larger regional economy. Neighboring communities, which had been viewed as competitors under the first wave approached, became invaluable partners.

Communities had moved into the third wave of economic growth and development thinking. Community leaders began to invest in public-private partnerships with the aim of creating stronger networks where information could be shared; issues identified and strategies to move forward agreed upon. Investing in the social capital that underpins dynamic economic clusters became a focal point of growth and development efforts. Mechanisms to facilitate the networking opportunities of potential entrepreneurs with existing businesses could be seen as a blending of the second and third wave strategies. Retired, as well as some current business owners, became mentors to new businesses and local high schools formed internship programs with smaller local businesses to expose students to being business owners. The idea was to better network local business owners and, in particular, residents who expressed interest in starting a business.

As the importance of social capital, networks, and flows of information became more apparent to economic development practitioners and elected officials, they began to understand that there are multiple factors at play beyond taxes, labor costs, land prices, and regulations. A "systems thinking" approach such as the Community Capitals framework offered up by Nel Flora (Emery and Flora (2006)) was needed to help think through these multiple factors. Such a non-technical approach allowed people to better understand all the pieces to the overall puzzle and how building on strengths while being aware of weaknesses could move the community forward. This also took the form of Asset-Based Community Development as advanced by John McKnight, John Kretzmann, and colleagues at Northwestern University outside Chicago (see, for example, Green and Haines (2015)).

The one limitation to the waves analogy is that it gives the impression that one wave of economic development thinking and strategy options replaces or displaces what came before. Rather than replacing older tools in the toolbox with newer tools, the size of the toolbox has become larger. As new tools become available, they are preferred to the older tools, which are not as effective. Still, occasionally a particular situation calls for the use of an older tool. For example, a community may have moved away from recruitment strategies in favor of entrepreneurship development, business retention, and expansion activities, and facilitating larger networking opportunities between businesses and public institutions. If a business approaches the local government with plans to open a new facility within the community but may require assistance in the form of infrastructure improvements (e.g., road or sewer upgrade), the community may appeal to some of the tools associated with the first wave approaches. Here communities add tools to the toolbox but keep older tools available if called upon.

Two of the main drivers of introducing new approaches to economic growth and devel-

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opment, described as waves, are structural changes to the economy itself and advances in our understanding (theory) of how the economy grows and develops, along with empirical evidence underpinning those advances. Over the past 20 years, research has suggested that amenities and quality of life are becoming a larger factor in explaining why some communities or regions perform better economically than others. This could be in the form of Grave's type amenity migration to a Roback compensating differentials framework to a Henry-Barkley form of spread and backwash effects. The research is telling us that people and entrepreneurs prefer to live and work in high amenity or quality of life regions. This realization, coupled with the logic of Richard Florida's creative class, has drawn many economic development practitioners, local elected officials, and community leaders to rethink how the importance of business climate pays off. Perhaps, rather than focusing on making the community attractive to businesses (potential new and existing businesses), the focus should be on people. This shift, I argue, is a movement into the 4^{th} wave of economic growth and development.

3. THE 4^{TH} WAVE

In 1974 Steinnes and Fisher posed a relatively straightforward question: do people follow jobs, or do jobs follow people. Within regional science, the framework that has become widely adopted is the partial adjustment model offered up by Carlino and Mills (1987). This framework has become a "workhorse" of empirical regional economic growth. The empirical model to be estimated can be stated as:

$$\Delta P_{t,\,t-1} = \alpha_0 + \alpha_1 P_{t-1} + \alpha_2 \Delta E_{t,\,t-1} + \Sigma\gamma X \tag{1}$$

$$\Delta E_{t,\,t-1} = \beta_0 + \beta_1 P_{t-1} + \beta_2 \Delta P_{t,\,t-1} + \Sigma\gamma Y \tag{2}$$

Here $\Delta P_{t,\,t-1}$ is the change in population over two time periods, $\Delta E_{t,\,t-1}$ is the change in employment over the same period, X is a set of control variables that are relevant to changes in population and Y is a set of control variables relevant to changes in employment. Most applications of this framework are less interested in Steinnes and Fisher's original question and more so in how potential policy levels contained in X and Y, such as amenities, quality of life, social capital, taxation levels, among many others, affect employment and population growth.

Economic growth and development policies starting with, and even before, the 1933 Mississippi Balance Agriculture with Industry has focused narrowly on businesses. Even today, many states focus their limited economic growth and development resources on "old school" notions of the business climate. The implicit assumption is that people follow jobs. Thus, to foster economic growth and development, one must focus on job creation, and then good things will follow. Indeed, many, if not most of the early studies aimed at addressing Steinnes and Fisher's original question tended to conclude that people follow jobs reinforcing the implicit bias towards focusing on job creation.

As more and more communities are rethinking their focus on business towards people, I wanted to revisit this basic question. To do this, I estimated simple versions of the Carlino-Mills partial adjustment model for five-year intervals from 1970 to 2019 using U.S. county-

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Table 1: Without Controls

	OLS			SUR		
	Pop (α)	Emp (β)	Diff ($\beta - \alpha$)	Pop (α)	Emp (β)	Diff ($\beta - \alpha$)
1970 to 1975	0.4792	0.8996	0.4204	0.6696	1.2575	0.5879
1975 to 1980	0.4716	1.0470	0.5755	0.6314	1.4022	0.7708
1980 to 1985	0.4409	1.1518	0.7109	0.5850	1.5278	0.9428
1985 to 1990	0.4915	0.9889	0.4974	0.6617	1.3294	0.6677
1990 to 1995	0.1939	1.0248	0.8308	0.3234	1.7100	1.3866
1995 to 2000	0.4470	0.9125	0.4655	0.6351	1.2960	0.6609
2000 to 2005	0.3965	1.1159	0.7194	0.5501	1.5461	0.9960
2005 to 2010	0.2950	0.4961	0.2011	0.5146	0.8651	0.3505
2010 to 2015	0.3579	1.1355	0.7776	0.5094	1.6142	1.1048
2015 to 2019	0.2776	1.0619	0.7843	0.4293	1.6383	1.2090

level data. I estimated a simplified version of the models with no controls (i.e., $\gamma = 0$) and another set with a handful of simple controls such as county age profiles, population density, economic base by share of employment in selected industries, and sources of income. I looked at both the simplified and expanded models as a simple robustness check of the key results. I also estimated the models using simple OLS regression analysis along with a seemingly unrelated regression (SUR) estimator. I did not consider any spatial spillover effects.

There are four possible outcomes for the Carilino-Mills framework to explore Steinnes and Fisher's original question:

1. $\alpha_2 = \beta_2 = 0$: people do not follow jobs and jobs do not follow people
2. $\alpha_2 = 0, \beta_2 > 0$: jobs follow people
3. $\alpha_2 > 0, \beta = 0$: people follow jobs
4. $\alpha_2 > 0, \beta_2 > 0$: jobs follow people and people follow jobs

The results of the key variables (α_2, β_2) are provided in Tables 1 (no controls) and 2 (with controls). For ease of comparison, the key results are also graphed in Figure 2 in Figure 2a, 2b, 3a, and 3b. In each case, the key variables are statistically significant above the 99.9 percent confidence threshold. More importantly, the data consistently supports outcome IV: jobs follow people, and people follow jobs. This makes intuitive sense that a dynamic economy would see employment and population moving in similar directions.

In each time period, however, the data strongly suggests that $\beta_2 > \alpha_2$ which implies that jobs tend to follow people. The only case where this does not hold true is the 2015 to 2019 period for the seemingly unrelated regression (SUR) estimated model with controls. Given the predominance of the $\beta_2 > \alpha_2$ result, this one inconsistent result could be considered an outlier.

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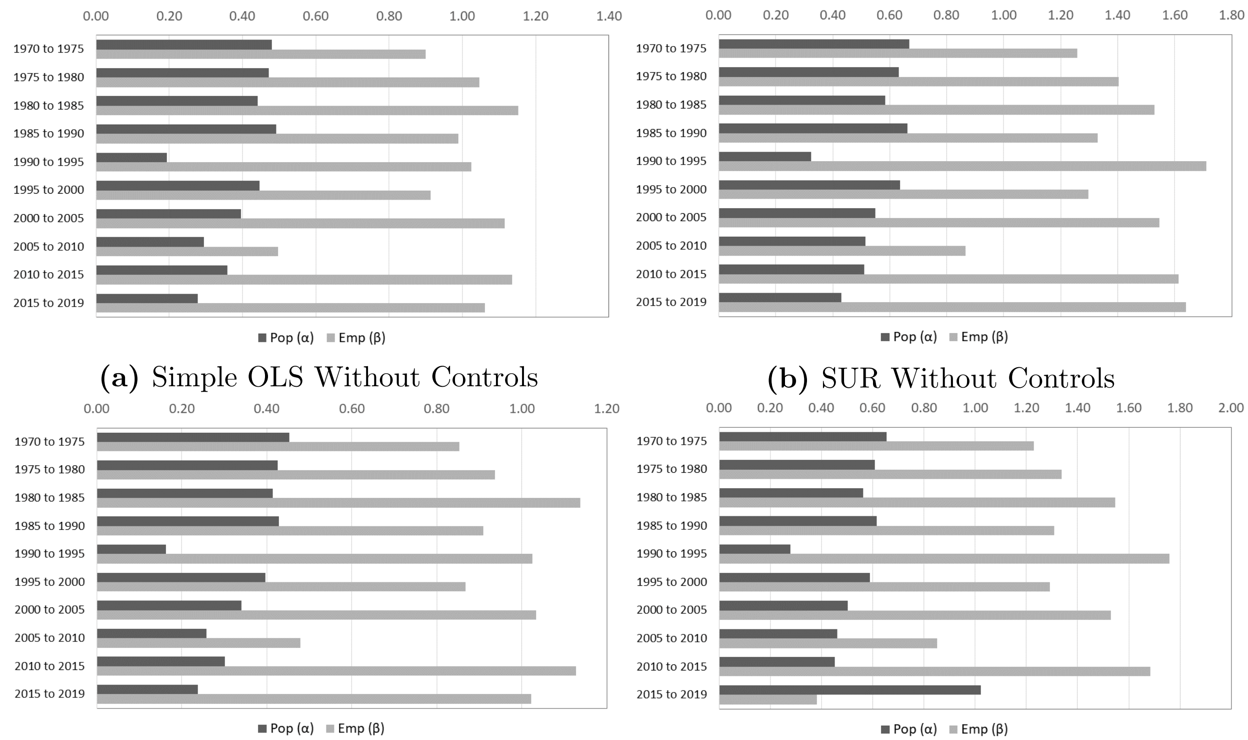
Figure 2: Modeling Results



(a) Simple OLS Without Controls

(b) SUR Without Controls

(c) Simple OLS With Controls

(d) SUR With Controls

Here the data supports the notion that focusing on creating a high quality of life community that is attractive to people first and foremost is a preferred strategy. Given the importance of entrepreneurship to economic growth and development and entrepreneurs come from the action of people, attracting people first then focusing on creating an entrepreneur-friendly community could lead to more sustainable economic growth and development. This shift from narrowly focusing on job creation to people attraction (retention) is the embodiment of the 4^{th} wave of economic growth and development.

Within the planning literature, this approach has been referred to as "place-making" where the goal is to invest in the community to make it attractive to Florida's creative class, boomerang migrants, and youth who may not be interested in college. Here communities invest in the local school system not with the aim of generating productive workers but rather as a place that younger families would want to send their children—investing in recreational opportunities not to draw in tourists but to make the place a desirable place to live. The key here to the 4^{th} wave is that investments in the community are not made with the primary goal of attracting businesses and jobs but rather attracting people. For example, a study of small rural manufacturing and infrastructure investments Halstead and Deller (1997) reported that one respondent to the survey stated: "[f]ind an area that you want to live, then start your business" (p160).

One area of research that I am particularly interested in is the notions of bonding and

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Table 2: With Controls

	OLS			SUR		
	Pop (α)	Emp (β)	Diff ($\beta-\alpha$)	Pop (α)	Emp (β)	Diff ($\beta-\alpha$)
1970 to 1975	0.4524	0.8527	0.400	0.6529	1.2301	0.5772
1975 to 1980	0.4261	0.9367	0.511	0.6091	1.3385	0.7293
1980 to 1985	0.4140	1.1369	0.723	0.5629	1.5462	0.9833
1985 to 1990	0.4284	0.9100	0.482	0.6163	1.3096	0.6933
1990 to 1995	0.1623	1.0246	0.862	0.2783	1.7580	1.4797
1995 to 2000	0.3960	0.8681	0.472	0.5895	1.2919	0.7025
2000 to 2005	0.3401	1.0332	0.693	0.5030	1.5289	1.0259
2005 to 2010	0.2586	0.4785	0.220	0.4601	0.8518	0.3918
2010 to 2015	0.3016	1.1279	0.826	0.4503	1.6831	1.2328
2015 to 2019	0.2370	1.0225	0.786	1.0225	0.3818	-0.6407

bridging social capital within the framework of the 4^{th} wave of economic growth and development thinking. Research is clear; social capital matters whether we are talking about dynamic economic clusters, the ability of potential entrepreneurs to build their ideas, or the ability of the community to come together to address issues in a proactive manner. As our thinking and research around social capital advances, the distinction between bonding and bridging social capital within the 4^{th} wave becomes fundamental.

Many communities, particularly smaller, more rural communities, have very strong bonding social capital but weak bridging social capital. Internal networks are strong and trusted, but external networks are weak and not trusted. Suppose the community is pursuing the 4^{th} wave; having weak bridging social capital can be detrimental. Are new residents, or even boomerang migrants, welcomed and indeed embraced by the community, or are they viewed as outsiders and discounted? One could even argue that this same logic around stronger bridging social capital applies when economic cluster development requires a regional-collaborative approach. Communities that are more proactive in those regional public-private partnerships tend to benefit more from the cluster development and any positive external spillovers.

The challenge to the 4^{th} wave is the strength of that bridging social capital–or, more specifically, the willingness to embrace newcomers to the community and listen to the information, ideas, and external networks that they bring. The other challenge to the 4^{th} wave is the time frame that is required to move the community forward. Again returning to Eisenger's notion of political discount rates, elected officials at the state and perhaps federal level are driven by projects that are perceived to have larger, short-term, or immediate impacts (e.g., the recruitment of a major employer). Local community leaders, however, tend to have a much lower discount rate and are looking for investments today that improve the community for their children and grandchildren. Still, the connections between investments today and payoffs in the future can be challenging to document. The "slow and steady" approach can at times be difficult to embrace, particularly during economic hard times.

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4. CONCLUSIONS

Economic growth and development strategies have almost exclusively focused on businesses and jobs. Politicians, particularly at the state level, seem to think that economic development goals are narrowly focused on jobs. In announcing his 2022 bid for Arizona governor Marcó López, former mayor of Nogales, stated that his top priorities were: "quality education and job training, access to comprehensive health care and "jobs, jobs, jobs" (Arizona Republic, March 16, 2021). In announcing his intent to run for reelection as mayor of London, Sadiq Khan promised all young people a mentor and said his priority would be "jobs, jobs, jobs" (Associated Press, March 22, 2021). In addressing a perceived scandal around an economic development effort in Canada, Prime Mister Justin stated, "[b]ut that's all behind us now, and it is a good thing to see that SNC is back receiving government contracts. It's all about "jobs, jobs, jobs," remember? (National Post, March 3, 2021).

Many states still embrace notions of business climate that are consistent with the 1933 Mississippi Balance Agriculture with Industry act. A positive business climate is low wages and weak labor unions (right to work), low taxes, limited regulations, and even tort reform to protect companies. States and larger local governments are still actively participating in the modern "war between the states" by offering companies large tax incentive packages matched with significant public investment in infrastructure and public services to support the company (e.g., a new fire station and expensive equipment to service the new facility). The national news around Amazon HQ2 and Foxconn is evidence of this continued reliance on recruitment of large firms.

At the local level, whether we are talking small rural communities or medium-sized cities, practitioners, elected officials, and community leaders are taking a longer-term approach. Many communities have embraced the importance of focusing on entrepreneurship and existing businesses (2^{nd} wave) while others are focusing their energies on specific industries within a regional approach (3^{rd} wave). More recently, communities are shifting their emphasis away from businesses (jobs) to people. The idea, commonly referred to as place-making within the planning literature, or what I am calling the 4^{th} wave, is to focus on making the community as attractive to new residents as possible. Improving the quality of life through investing in schools, parks, and recreation, and certain types of businesses (e.g., gathering places that offer live entertainment) and quality and affordable housing will see people desiring to move into the community. Once in the community, business opportunities begin to present themselves, economic growth and development will follow. As the small manufacturer survey respondent to the Halstead and Deller (1997) study: "[f]ind an area that you want to live, then start your business."

Effective community economic growth and development requires the community to approach the issue in a multitude of ways, from the simplistic to the complex. But the shift to focusing on people rather than narrowly on businesses is a fundamental shift. This does not mean that strategies popular in the 2^{rd} and 3^{rd} waves are abandoned, but they are adjusted to reflect the renewed focus on people. The challenge that many smaller, more rural communities will face is the acceptance of newcomers and embracing new information and ideas that they bring with them.

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