

NEW INVESTMENT IN RURAL GEORGIA

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This paper addresses the concepts of investment in rural Georgia. Definitions of investment need to be specific. Does it include dollars? man-power training? roads? and education? Is the investment new or does it replace old capital? What is the source and who will benefit? Is rural Georgia a separate economy? How do you define rural? These questions must be answered during the development process.

HISTORICAL PERSPECTIVE

My purpose is to share with you events that have transpired in my hometown of Douglas in Coffee county, Georgia. It is a very rural county and at some stages it has claimed to be the leader in farm income and in other development areas. Farm income in Coffee county reached a peak of \$116 million which put it near the top of all rural counties in Georgia. Farm income dropped as low as \$60 million but has bounced back to somewhere in the \$90 million range in 1987.

The Trust Company Bank, where I now work, has played a role in development. Until five years ago the bank was known as The Farmer's Bank. The Farmer's Bank was organized in 1945 in a farming community so it was natural to call it The Farmer's Bank. I spent three years after going there in 1970 working on farms and in farm meetings and making loans only in the county. The corn blight, of 1970 opened eyes in the rural area on how susceptible we are to calamity. Of course, drought, high interest rates, and low prices caused us to take even further notice.

A newcomer to a community is always appointed to different boards. In the Chamber of Commerce, I served as the Agricultural Committee Chairman and in about three years that led to an appointment on the Industrial Authority.

Initiating Development

Our industrial authority in Coffee county had to start from the bottom in planning industrial development. The total economy was farm based with almost no exception. When you start from the bottom you start looking for the people who are successful. We went to neighboring counties, such as Ben Hill, and the town of Fitzgerald where they have done an outstanding job. We went to the State Department of Industry and Trade. We have

some fine development specialists at the state level and in several successful counties.

We found that Industry and Trade had no files at all on Douglas and Coffee county. We put a team together to upgrade the personnel in our Chamber and in our Industrial Authority which is one and the same. We increased salaries and hired more qualified people. We became familiar on a first name basis with banks that have developers, with power companies, with Industry and Trade, with the Railways Business Council, with the University of Georgia and others. A group of leaders that we assembled attended classes in our Area Planning and Development Commission in the Waycross/Pine area. Anywhere that development was discussed, we attended and asked questions. The Georgia Extension Service helped us and I also found that Georgia Tech does a good job in our area. Progress must come from the bottom and that is how we did it. We started right at the very bottom. The data reveal that in 1980 the population in the city of Douglas was just over 10,000 and the county was just over 26,000. In 1986 our town had grown to 15,000 and the population in the county was 30,000. This is a trend that defies general trends throughout rural areas of Georgia and the South.

Strategies for Rural Development

We discovered that a successful development program has four segments. One is leadership. To me that is the most important. Next, you need to hire a professional. Many communities are limited by not being able to do this. Third, get community services in order. Finally, develop a marketing plan. This is, in my judgment, the order that works best.

The number of leaders is not as important as their attitude. City and county officials must present a united front to any prospect looking at your community. Leaders must be involved. They must be informed, cooperative, supportive, and they must be committed. Leadership in financial institutions is extremely important. Banks play a major role because money is the oil that makes the motor run. More importantly, you must have local financing of programs. You must be willing and able to finance industries that look at you and you must furnish the man-power and managers.

Jim Wooten of the Atlanta Journal and Constitution contends that gifted leaders rarely are born but are often made and I have seen it happen. Ordinary men and women who are provided training, skills, and a framework for accomplishing their dreams can succeed. Educating leaders is one of the State's most important goals. Resources of colleges and universities need to be combined with practical instruction from politicians, industrialists, and bureaucrats in new ways. Leaders need role models in how to think comprehensively, how to describe what can be done, and to see that well developed plans are executed. That is what leadership is about. Potential leaders truly need to be taught by other leaders how to dream and taught to use government as one of many possible solutions to problems. The universities have a major role. They need to produce young and energetic people who can conduct year-round seminars at nights, on weekends, and during the day to encourage housewives, production workers and their supervisors to come and explore how communities work and what they are. All citizens need to know that they play a role.

As mentioned earlier, hiring a professional is something not every community can afford. Furthermore, there are not many available who can do the job. Recently, I saw a list of 21 counties who were seeking to hire a professional development leader. There are not many qualified people available and the market is very competitive for their services. A good development professional is likely to be offered a better job.

One of the important things that our professional, Max Lockwood, did was to construct a manufacturers' council. In so many communities there is very little contact between development leaders in a community and the plant managers already on the scene. They tend to be competitive with each other. For example, they are both working with the same local labor market. But a manufacturers' council can solve some of the problems that arise. Ideally you find the top executives and bring them together and meet about once a month. Very few times does our council have a planned program. We break bread together, visit, share common problems, and seek solutions. A manufacturers council is very important to a community and I think ours is doing an excellent job. When a new industry comes in they are going to contact existing industries. When they do, the story that is told will be much better if the council prepares the business community beforehand.

Importance of Services

Most communities have not had the foresight or funds to provide community services for the future. They are not likely to act as investors. The sewage treatment plants, sanitary landfills, wells to provide water, natural gas, electricity, paved streets, schools, hospitals, and doctors cost

a lot of money; much more than most communities can afford. Politicians hold most of the purse strings and they are more reactors than actors in planning for services. The election process requires this role in order to stay in office. Local leaders will need to exert political pressure to obtain service investment. What services should they pursue?

There are two services that I want to emphasize. First, I want to emphasize transportation. Douglas is located on two U.S. highways, 221 and 441 and on two railroads. Douglas is not on an interstate but is boxed in by I-75 on the west and I-95 on the east; I-16 is to the north and I-10 is south of Douglas. However, our industrial authority does not have an attitude problem about that. We tell prospects that we are only an hour or so away from four interstates. New industry, new schools, and hospitals must have transportation and adequate transportation is one of the most important features of any community. Institutions are useless if you can not get to them. Transportation development is one of the major things a rural community must work on. The industrial authority has organized a Highway 441 group and we have had 4 or 5 meetings in the last two years throughout the state of Georgia. We found that there are 50,000 jobs located along U.S. 441 as it comes all the way through Georgia from North Carolina into Florida. There are five colleges, including the University of Georgia, located on U.S. 441.

Roads are needed to access markets. There are 12 million people in the state of Florida and residential developments are fast displacing farm land. They must be fed and Coffee county is providing food for Florida's population with companies like Golden Poultry producing 850,000 broilers weekly. Some say that the interstates have put rural Georgia in a depression. I can not argue with that too much. The interstate roads speed the people from the northern U.S. through Georgia as they head to Florida.

The Importance of Education

The next two items on my list are education and University research. Education with basic quality and local technical schools is making progress, but I am concerned about research. Paul R. Verquill, President of the College of William and Mary, indicated some problems in a speech he gave at the inauguration of Dr. Charles B. Knapp, as President of the University of Georgia. At the present time, Universities in the South receive only about half of the federal research and development funding as in comparable universities elsewhere. In 1986, according to Dr. Verquill, National Science Foundation Awards in California, New York, and Massachusetts each exceeded the total awarded to 12 Southern States combined. Research facilities are needed to attract industry. A

good example is the Research Triangle in North Carolina. This is a model that could apply in Georgia.

Unfortunately, every county in Georgia cannot apply the development processes I am discussing. Georgia has 159 counties and that is really too many. The Georgia 2000 study carried out by the Extension Service a few years ago said that we had over 700 local governments in the state. That is also too many. I worked on the study and I think we realized that nobody wants to give up what they have. Yet, somehow we must combine some of the governments. There is no way to have industrial parks with Fortune 500 companies in every community as now defined. Another example is the Hill-Burton Act which tried to put a hospital in every community. Many are now in financial trouble. You can not put a "Emory University" in Willichochee and make it work. You can not put a Research Triangle in Douglas and make it work. Every area is limited in financing, skilled labor, and community services.

CONCLUSION

In conclusion, let me address the crisis in rural Georgia. How real is it? Jim Panell, representative from District 122, says as Atlanta and the vicinity grows and prospers it is hard for some to believe that rural Georgia is suffering. Census data reveal that from Perry south to the Florida line and from Brunswick west to Alabama, that is roughly an area of about 25,000 square miles, there is not a county with per capita income greater than the state average of \$10,389. In 1980, the population of Georgia south of Macon was 2.13 million. This is a larger population than that of 17 states. Yet, three fourths of all new jobs in Georgia since 1981 have been located in the Atlanta area. We are ignoring facts when we say Georgia is prospering. Only part of Georgia is prospering. Hopefully, the Governor's Rural Economic Development Study Commission, the Governor's Growth Strategies Commission, and the General Assembly have begun to take a serious look at the growth problem. Recently, former Secretary of Agriculture Orval Freeman met with some our people from the Business Council of Georgia in Washington. His philosophy has been to help the under-developed countries recover and become customers of the United States. I think that is a principle we need to apply here in our own state. We must be sure that we are a strong state by keeping all of it strong. What can be done? I hope you are asking.

One example of what we have to build on comes from Robert Laidlaw. Robert Laidlaw is President of Coats and Clark, a textile business that came here from Scotland, and is one of the oldest existing companies in America. He believes all wealth begins with agriculture and manufacturing. Some believe that it all starts with agriculture. I think the crash on Wall Street in October 1987 tells

us that wealth certainly does not start there. Let me use an example I know best and that is South Georgia. I want to list some of the resources that we have in that area. One is water which is a resource almost beyond our control. North Georgia is using water at an alarming rate relative to supply. According to the Commissioner of Natural Resources, Leonard Ledbetter, in recent years nine communities in North Georgia had wells that went dry; eight communities had streams that completely dried up; nine communities had streams that almost dried up; twenty-seven communities banned water use; ninety-seven limited water use; five closed or curtailed water use in industries and schools. He says thirty-one new reservoirs are needed in North Georgia. Let us look at South Georgia. It has the largest aquifer in the United States. I think water is going to determine the future development of our state more than any other factor. Second, land is relatively cheap, plentiful, and available in South Georgia. Third, there is climate. There are 265 to 270 frost free days. South Georgia has substantial food production potential, but the competitive position is somewhat limited by a hot and humid climate, and relatively poor soils. However, agriculture must remain a viable industry in South Georgia. Fourth, is the importance of labor in development. Some say South Georgia does not have the people but people will move where jobs are located. That has been proven in Coffee county. Attraction of labor is not a problem. Another important attribute in development is ports. Brunswick, Savannah, Jacksonville, even Tampa and Mobile, are all within a distance that can be easily reached from South Georgia. South Georgia is only 200 miles from the Atlanta International Airport and Jacksonville is only 100 miles away. South Georgia can absorb more population. Florida is filling up at a rate of 1000 per day and North Georgia is also growing rapidly.

John Naisbitt in his book, Megatrends, talks about jobs. He says that we are now reaching a point where about 70% of all our jobs will be in the service industries. Personally, I see no future in flipping hamburgers and doing each other's laundry. I would rather be among the 30% that is providing the hamburgers. I think that is what South Georgia has an opportunity to do.

Our industrial authority is proud of what we have done in Coffee county and Douglas. I am proud of its people. I admire the people who have helped us and we have tried to pay them back. I have a call at the Bank for consulting every week. Neighboring development leaders everywhere in the state visit with our Industrial Authority. We share everything we can with them. Commissioner George Berry, Governor Harris, and the University of Georgia have used us as an example and we are more than honored. We are obligated to help people because people helped us. The number of people working in the industry of Coffee county has more than

doubled in the last few years. Employment has grown from about 2,000 up to almost 5,000, but we still need assistance. We cannot do it alone. We must have help from the University and we must educate leaders to keep us going.

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