

May 2002

# Linking Intergenerational Wealth to Asset Based Community Development

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Cordes, Sam, "Linking Intergenerational Wealth to Asset Based Community Development" (2002). *Cornhusker Economics*. 67.  
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# Cornhusker Economics

## Cooperative Extension

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
University of Nebraska – Lincoln

### Linking Intergenerational Wealth to Asset Based Community Development

Market Report	Yr Ago	4 Wks Ago	5/17/02
<b><u>Livestock and Products,</u></b>			
<b><u>Average Prices for Week Ending</u></b>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt .....	\$74.50	\$67.07	66.89
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt .....	94.38	81.32	87.75
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg .....	106.60	92.25	95.39
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt .....	118.45	106.07	106.57
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt .....	53.00	33.75	37.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd .....	54.00	40.28	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt .....	136.80	91.70	*
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt .....	85.25	*	67.85
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt .....	171.00	144.77	145.15
<b><u>Crops,</u></b>			
<b><u>Cash Truck Prices for Date Shown</u></b>			
Wheat, No. 1, H.W. Omaha, bu .....	3.20	3.05	2.89
Corn, No. 2, Yellow Omaha, bu .....	1.60	1.83	1.95
Soybeans, No. 1, Yellow Omaha, bu .....	4.30	4.54	4.78
Grain Sorghum, No. 2, Yellow Kansas City, cwt .....	3.29	3.34	3.50
Oats, No. 2, Heavy Minneapolis, MN, bu .....	1.50	1.75	2.13
<b><u>Hay,</u></b>			
<b><u>First Day of Week Pile Prices</u></b>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton .....	115.00	117.50	105.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton .....	82.50	45.00	60.00
Prairie, Sm. Square, Good Northeast Nebraska, ton .....	105.00	80.00	90.00
* No market.			

Much attention is focused on improving our nation's communities and neighborhoods. Perhaps the most common response is the two-pronged approach of (1) identifying a problem and (2) obtaining grant funds – typically from sources outside the community – to solve the problem. This is a comfortable approach, and not without merit, but it is not the only way and perhaps not the best way, of thinking about how to bring about improvements in our communities and neighborhoods. This short article provides an alternative to the traditional two-prong approach noted above.

**Asset Based Community Development (ABCD)** is a concept pioneered by John P. Kretzmann and John L. McKnight at Northwestern University (1993). It represents a major shift in how community development practitioners have approached their work in recent years. The traditional path – especially when working in low income rural and urban communities or neighborhoods – was to begin by conducting “needs assessments” that examined the problems, pathologies and the weaknesses of the neighborhood or community. Kretzmann and McKnight argue this approach is fundamentally flawed and counterproductive and leads to a victim mentality in which residents think of themselves as incapable of taking charge of their lives and of their community's future. Kretzmann and McKnight also believe this approach leads to other negative consequences. For example, they assert that “Providing resources on the basis of the needs map underlines the perception that only outside experts can provide real help...and ensures the inevitable deepening of the cycle of dependence: problems must always be worse than last year, or more intractable than other communities, if [grant] funding is to be renewed [pp. 4].” They believe a more positive and sustainable approach is to begin the community development process by focusing on the positive assets of the community and its residents; thereby giving residents hope, a positive vision for themselves and the opportunity to be empowered rather than dependent. Although Kretzmann and McKnight do not



reject out of hand the role of “external resources,” they believe this avenue should be explored ONLY after local assets have been fully identified and mobilized.

**Categorizing Assets** can be done in several different ways. Although Kretzmann and McKnight focus some attention on assets embedded in the local economy and on the physical assets of the community (land, building and infrastructure) their main emphasis is on “the undiscovered gifts and treasures” of (a) individuals (b) associations, and (c) institutions. Gary Green and Anna Haines (2002) expand the definition of community assets to include five types of capital: human; social; physical; environment; and financial.

\***Human Capital** - the abilities and skills that workers hold that affect their productivity.

\***Social Capital** - social relationships and ties that facilitates collective action in communities.

\***Physical Capital** - buildings (e.g., houses, retail stores, factories) and infrastructure (e.g., roads and utilities).

\***Environmental Capital** - the community’s base of natural resources and environmental amenities (e.g., air, water, land, flora, fauna and vistas).

The fifth type of capital – **Financial Capital** – is defined by Green and Haines and most others in terms of the availability of credit and loan funds, including alternative credit institutions such as community development credit unions, community development banks, revolving loan funds and micro-enterprise loan funds.

**Intergenerational Wealth Transfer** is an extremely important source of financial capital that is typically overlooked by those involved in community betterment. Recent analysis by the Nebraska Community Foundation suggests \$258 billion of personal wealth will change hands in Nebraska during the next 50 years (see table for the expected amount for each county). The figure for rural Nebraska is \$94 billion. While most of this transfer will be distributed to family and other heirs, there is also the opportunity for a modest amount to be invested in the community in which it originated. Results from the 2002

percent of those who do, provide at least one-half to **local** organizations, causes or charities. In addition to this annual giving, suppose only five percent of the \$94 billion in expected intergenerational wealth transfer was set aside by rural Nebraskans in endowments to support community betterment initiatives.\* This scenario would result in a **perpetual, annual** flow of some \$250 million to Nebraska’s rural communities (without diminishing the value of endowments after accounting for a normal inflation rate). An annual flow of funds of this magnitude would surely make a big difference in the face of rural Nebraska. Those who are concerned about the future of rural Nebraska need to be more cognizant of this largely unrecognized potential treasure. It truly represents the ultimate in the asset based approach to community development.

\*In Nebraska, it is not necessary for each community to create its own charitable organization. An alternative mechanism is the Nebraska Community Foundation (NCF). The NCF serves as an “umbrella” foundation within which each community establishes its own “account.”

References:

Kretzmann, John P. and John L. McKnight. *Building Communities from the Inside Out*. Center for Urban Affairs and Policy Research. Northwestern University. Evanston, Illinois. 1993.

Green, Gary Paul and Anna Haines. *Asset Building and Community Development*. Sage Publications. Thousand Oaks, California. 2002.

Allen, John C., Rebecca Vogt and Sam Cordes. *Charitable Contributions in Rural Nebraska: A Culture of Giving*. Center for Applied Rural Innovation, University of Nebraska. October 2001.

*A Golden Future for Nebraska?* Omaha World Herald. October 28, 2001.

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Nebraska Rural Poll suggest rural Nebraskans are charitable people. Most contribute money annually, and over 60

## Estimated Intergenerational Wealth Transfers by County, 2000-2050

<b>Adams</b>	\$4.3 billion	<b>Frontier</b>	\$276 million	<b>Nance</b>	\$520 million
<b>Antelope</b>	\$946 million	<b>Furnas</b>	\$655 million	<b>Nemaha</b>	\$1.2 billion
<b>Arthur</b>	\$68.4 million	<b>Gage</b>	\$3.6 billion	<b>Nuckolls</b>	\$462.3 million
<b>Banner</b>	\$100.9 million	<b>Garden</b>	\$236 million	<b>Otoe</b>	\$2.3 billion
<b>Blaine</b>	\$82.5 million	<b>Garfield</b>	\$202 million	<b>Pawnee</b>	\$391 million
<b>Boone</b>	\$777 million	<b>Gosper</b>	\$294 million	<b>Platte</b>	\$5.3 billion
<b>Box Butte</b>	\$1.9 billion	<b>Grant</b>	\$98.8 million	<b>Perkins</b>	\$474 million
<b>Boyd</b>	\$238 million	<b>Greeley</b>	\$319 million	<b>Phelps</b>	\$1.7 billion
<b>Brown</b>	\$459 million	<b>Hall</b>	\$8.5 billion	<b>Pierce</b>	\$1.1 billion
<b>Buffalo</b>	\$6.6 billion	<b>Hamilton</b>	\$1.5 billion	<b>Polk</b>	\$822 million
<b>Burt</b>	\$1.1 billion	<b>Harlan</b>	\$467 million	<b>Red Willow</b>	\$1.6 billion
<b>Butler</b>	\$1.14 billion	<b>Hayes</b>	\$128 million	<b>Richardson</b>	\$1.3 billion
<b>Cass</b>	\$4.8 billion	<b>Hitchcock</b>	\$301 million	<b>Rock</b>	\$169 million
<b>Cedar</b>	\$1.2 billion	<b>Holt</b>	\$1.6 billion	<b>Saline</b>	\$1.9 billion
<b>Chase</b>	\$698 million	<b>Hooker</b>	\$79.4 million	<b>Sarpy</b>	\$23.6 billion
<b>Cherry</b>	\$748 million	<b>Howard</b>	\$836 million	<b>Saunders</b>	\$2.7 billion
<b>Cheyenne</b>	\$1.5 billion	<b>Jefferson</b>	\$1.1 billion	<b>Scotts Bluff</b>	\$5.1 billion
<b>Clay</b>	\$1.1 billion	<b>Johnson</b>	\$515 million	<b>Seward</b>	\$2.6 million
<b>Colfax</b>	\$1.4 billion	<b>Kearney</b>	\$1.2 billion	<b>Sheridan</b>	\$711 million
<b>Cuming</b>	\$1.8 billion	<b>Keith</b>	\$1.1 billion	<b>Sherman</b>	\$347 million
<b>Custer</b>	\$1.6 billion	<b>Keya Paha</b>	\$57.8 million	<b>Sioux</b>	\$86.4 million
<b>Dakota</b>	\$2.9 billion	<b>Kimball</b>	\$529 million	<b>Stanton</b>	\$838 million
<b>Dawes</b>	\$956 million	<b>Knox</b>	\$1.1 billion	<b>Thayer</b>	\$941 million
<b>Dawson</b>	\$3.4 billion	<b>Lancaster</b>	\$45.8 billion	<b>Thomas</b>	\$80.4 million
<b>Deuel</b>	\$259 million	<b>Lincoln</b>	\$5.3 billion	<b>Thurston</b>	\$300 million
<b>Dixon</b>	\$873 million	<b>Logan</b>	\$91 million	<b>Valley</b>	\$597 million
<b>Dodge</b>	\$6 billion	<b>Loup</b>	\$85 million	<b>Washington</b>	\$3.7 billion
<b>Douglas</b>	\$99 billion	<b>Madison</b>	\$6 billion	<b>Wayne</b>	\$1.3 billion
<b>Dundy</b>	\$352 million	<b>McPherson</b>	\$71.5 million	<b>Webster</b>	\$544 million
<b>Fillmore</b>	\$1.2 billion	<b>Merrick</b>	\$1 billion	<b>Wheeler</b>	\$146 million
<b>Franklin</b>	\$433 million	<b>Morrill</b>	\$610 million	<b>York</b>	\$2.5 billions



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