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The Mayor's Corner

Can dollars linger longer here? Redefining local economic development

We often define local economic development as “people-buying-more-stuff-in-my-town.” We often define economic success as “selling-more-stuff-this-year-than-last-year.” Yet, the current recession tells us that perpetual growth is neither sustainable, nor possible.

If a new burger joint opens and we simply sell each other more hamburgers, we may be exporting profits, franchise fees, and tax benefits to a distant national office. Our buying those burgers may leave fewer dollars in the local economy than if that hamburger franchise had never opened. It's time to redefine what we mean by local economic development.

Every economy depends on a base of core activities. For example, historically Croton-on-Hudson has been both a rail village and a dam village. Happily, the railroad and dam are still here. But what else have we got? Today, our area appears to have a very high concentration of creative media professionals—from art and music to publishing, design, photography, and beyond. We also have a high number of SO-HO (small office-home office) entrepreneurs in many service professions.

An economic base comprises those activities that bring net income into the community. Taking measure of our economic base means discovering what local activities, talents, and expertise we have in higher supply within our community than are present on average elsewhere. In other words, what are our local comparative advantages? How can we build on that combination of existing resources?

Equally important, once dollars arrive here, how many times we can spend the same dollar within our community before we export it?

For example, the Village hires local summer staff to help maintain our parks. They in turn like to frequent local pizzerias, which in turn hire local cooks to bake the pies. Short of milling the flour for the dough locally, what other parts of the cycle could be locally procured? Economists call this pattern of short-distance transactions the local multiplier effect.

Our Village government pumps between \$18 and \$20 million dollars annually through the economy. The longer those dollars linger with local institutions for local transactions and investments, the better. The Village's own policies can help make more dollars available locally. For example, this year the Village is shifting more of its own banking to high quality local community banks. How? By our designating three such local institutions as official depositories for Village funds.

Community economic development is the process by which local people build organizations and partnerships that connect profitable business with other compatible interests and values - for example, skills with education, health with transportation, and energy with the environment.

In real community economic development, many organizations—including dot.coms, dot.govs, and dot.orgs—look for ways to make their actions and investments reinforce the wishes and intentions of the whole community over time. Business becomes a means to accumulate health, safety, and welfare for a community and to make the local way of life more creative, inclusive, and sustainable—now and years from now.

Effective community economic development often includes: (1) a strategic process guided by analysis of on-going activities, in contrast to opportunistic and unsystematic one-shot tactics; (2) a sound financial management approach that builds both ownership of assets and a diverse range of financial and other partners and supporters; (3) an integration of economic and social goals to bring about more far-reaching community revitalization; and (4) a base of operating principles that enable a broad range of residents to assume responsibility in the governance of development organizations and in the community as a whole.

Let's assess the existing strengths of our community's economic base. Let's build on what already brings dollars here with tangible steps forward that puts potential partners together. Proper community economic development empowers the community to handle its own destiny. Community economic development is not focused on growth as such, but on the building the community's capacity to handle economic and social change for local benefit over the long term.

– Mayor Leo Wiegman

Useful sources on this topic: www.useful-community-development.org (planner Nancy Thompson's site), www.cedworks.com/CEDdefinition.html (Canada), www.proveandimprove.org (U.K.), www.cdtoolbox.net (New York and Pennsylvania), <http://steadystate.org> (nonprofit examining alternatives to perpetual growth), and www.usgbc.org/leed/nd (sustainable neighborhood criteria).