Drinking Liberally **Liberal Moment #21** **12/4/07**
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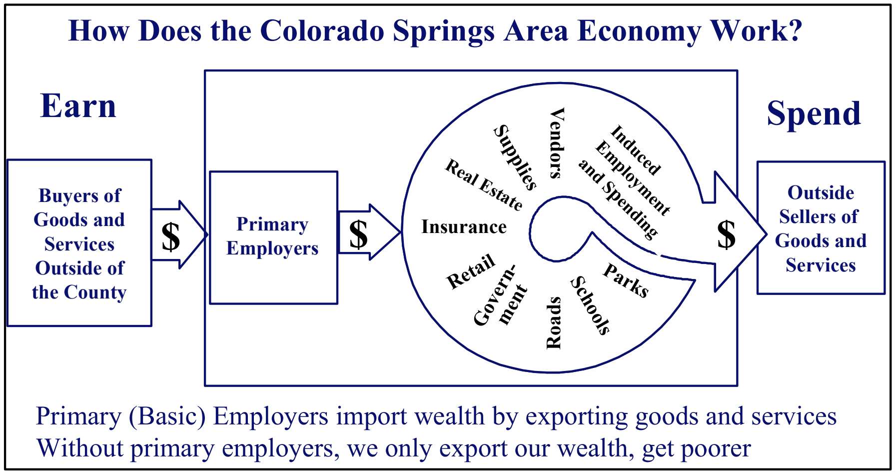
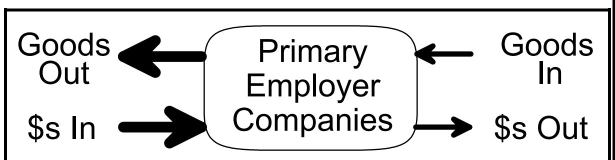
Principles of Economic Development

The diagram below is from a 2003 EDC presentation by Rocky Scott, then president of the Colorado Springs EDC. He regularly included this slide in his PowerPoint presentations to educate his audience on the importance of the EDC's emphasis on attracting what are known as "primary" employers and on the importance of recirculating dollars within the community.



The model shows that employers that sell to outside the region bring dollars that are circulated and recirculated. It shows that these dollars eventually go outside the region to purchase goods and services.



Primary Employers: companies that ship products outside to bring more $s in than they send out.

Healthy economies have enough primary employers to keep dollars in and dollars out in balance. Having companies that purchase locally minimizes dollars going out.

Wal-Mart-like "import companies" are the *polar opposite* of primary employers. They don't ship goods out to bring dollars in. They send their funds to company headquarters every night so they don't recirculate. Their employees shop there, so much of their income doesn't circulate in the community.

Economic Development Principles:

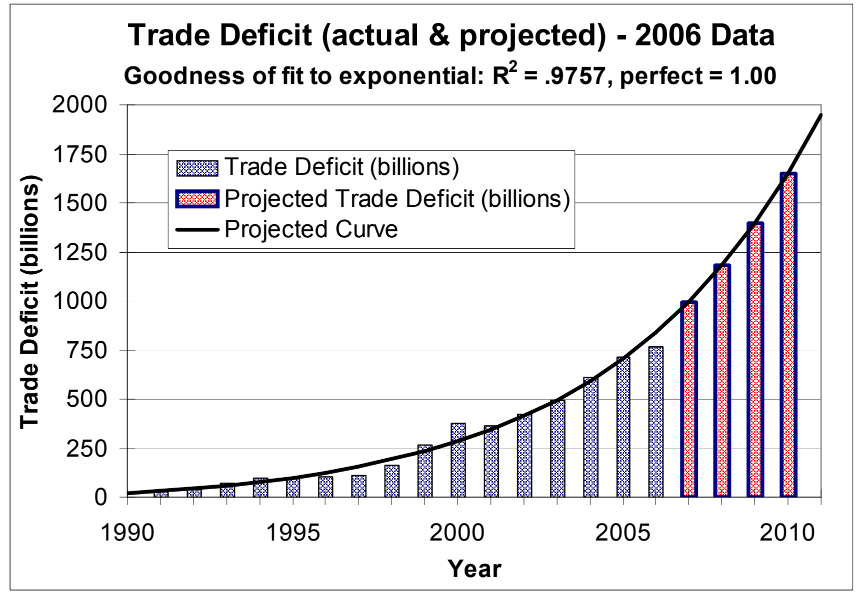
- Attract primary employers
- Attract companies that purchase locally
- Discourage Wal-Mart-like companies

Do we do the last two?

Not really & NO.

The Key Thing from the EDC Diagram:
"Without primary employers, we only export our wealth, get poorer."

So, if we know this, why do we let the U.S. trade deficit grow to such enormous proportions? And yet so many maintain it's not a problem?



It's not "trade." It's "transfer of the factors of production" ... building products over there, so we don't have to build them over here using a cost of labor that can support an American's mortgage payment.

And it's not just "low tech" "trade" & jobs; it's "high tech", too. Big Problem!