

Economic Development Insight

Business Diversity is a Blessing

By Joan Bethell

We all know that the United States is in a recession, the reasons for which are complex, although generally tied to the credit boom and loans to sub-prime markets. According to the Federal Reserve Bank of Dallas' most recent national economic update on April 10th, the 2008 gross domestic product contracted at the rate of 6.3 percent, considerably steeper than anticipated, with the largest contributors being private inventory investment, exports and personal consumption expenditures. The latter corresponds to the decline in real disposable income.

Their analysis indicates, "Given the lack of significant improvement in the main components behind February's decrease (in leading economic indicators) - high initial jobless claims, a weak manufacturing sector, volatile stock prices and record low consumer expectations - the U.S. economy is unlikely to start recovering from recession in the very near term ... The U.S. economy has now lost over 5.1 million jobs since the start of the recession in December 2007—1.3 million of which were initially underestimated. The near-term employment outlook is grim, with all major sectors posting significant declines, initial claims for unemployment insurance rising to very high levels and unemployment at its highest rate in a quarter of a century—8.5 percent in March, up from 8.1 percent in February."

Greene County's unemployment rates rank 77th out of the 92 Indiana counties, and almost 70% of those counties are experiencing double digit unemployment rates (the top two, Lagrange and Elhart, have almost 19% unemployment.) Of course, unemployment rates are irrelevant if you're still gainfully employed but, if you're unfortunate enough to have been laid off recently, it becomes far more challenging to find another job.

That's why agencies that help others in need, like the Family Life Center in Bloomfield, for example, are seeing an increase in the need for their services and why those of us who are still employed need to support efforts like this. Some of the blessings of small-town life are the neighbors who reach in to share from their family pantries and the small business employers who do everything possible to keep their employees on the payroll.

So far in this recession, here in Greene County we have been impacted less than most other communities nationwide and the primary reason is the diversity of our business base. We have a variety of retail and service sector businesses and a healthy assortment of industry-related businesses, including high-tech, training, defense support, agricultural and utilities.

More than ever, in times like these, we need to be more supportive of our local businesses. We can do this on a consumer-to-business level by buying from a local vendor, whenever possible. I know that some products are simply not available locally but, if they are, even if it means paying just a little extra, we should buy from our neighbor here in Greene County (plus we'll save on gas money.) On a business-to-business level, beyond purchasing from local vendors, we should explore any potential joint venture and sub-contract opportunities with other local companies, rather than elsewhere. Government-to-(local) business opportunities should also be given priority, wherever legislatively allowed.

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Another effective strategy during economic downturn is to concentrate on community development. Beyond improving basic infrastructure (transportation/roads, communication and utility networks), this involves initiatives like increasing local involvement and interaction, developing the leadership base, assessing the community's assets and building upon them, improving the quality of the workforce (literacy programs, business-education linkages, transferable skills training, etc), encouraging do-it-yourself public improvements (pulling weeds in city parks, painting out graffiti, picking up trash – in effect, forming a volunteer army to augment city services), downtown development (merchant training and support, buy-local program) and other community-benefit activities.

This is why Greene County Economic Development Corporation, together with multiple community partners, is involved in so many diverse initiatives that, on the surface, may not seem to directly connect with business attraction and development but, nonetheless, have an indirect impact on the business climate and overall economic condition.

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