

In the Long Run

By Gil Mathew, President/CEO
Nevada County Economic Resource Council

Writing about the economic climate these days is risky business. The temptation is to write about what is going on today, but by the time that hits the newsstands, it could be an altogether different picture. Look at what the Dow Jones average does on a daily basis. Up one day 900 points, down 400 points the next followed by another 500 point drop the day after that. All of this volatility only points up the reality that there is not a long term economic policy in place that can act as a shock absorber for these kinds of wild swings.

While the recent "bail-out" might have seemed reasonable, what is the long term effect of such a policy? We don't know. And where do we draw the line on who and what to "bail-out?" We don't know that either. (Last week my father and I wagered a quarter on a football game. He lost. Now he wants a "bail-out," should we?)

What can we do here in Nevada County to help create the needed policy or prepare for the lack of one? Actually, there is not much we can do to create the policy, so we are left with the later. Nevada County has fared better than the national average in terms of a healthy economy. And the United States has fared better than most of the rest of the world. This is due in part to six things. One: We have an unparalleled environment for entrepreneurship. Two: This entrepreneurship is fed by a science and technology that we have been able to bring to the market. Three: We still have the world's leading educational system. Four: We have the strongest commitment to competition and free markets. Five: Nationally we don't have just one economy but clusters of diverse economies – high tech, entertainment, design, etc. Six: We possess the best system for collection and utilization of capital. All of this together with a resilience to rebound from failure has made America the leader in world economics over a long period of time.

When you look at Nevada County in context of these six features, we measure very well. Can it be our salvation in the long run? Of course, I believe it can, but only time will tell. This new notion of a "bail-out" for everything, I fear weakens our resilience, sets a false floor and can potentially make us vulnerable. Will we continue to invest and reinvest in technology in the local market? Will our local capital retreat and move elsewhere? Will we continue to encourage entrepreneurship?

I propose that if these six items are the foundation of a healthy economy and Nevada County possesses most of them or has close access to them, then locally we can collect our resources to foster and grow a vital economy. Let's begin by creating a "Venture Fund." Then invest in the technology and entrepreneurship that can be created here. Let's build our own "cluster economy." If this appeals to you, call me and let's investigate an investment in ourselves.

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