

Regional Economic Multiplier is real so spend locally this Xmas

If the seven Dwarfs Buy from each other then we will all have a Merry Christmas!

A few years ago, as the local Council began work on their procurement model I was lucky enough to be introduced, by the man in charge of the project for the whole of the South East of England, to a concept known as the Regional Economic Multiplier which states that

A £1 spent locally will, on average, go to 7 other businesses.

1. This means that if you spend the £1 with the butcher
2. He spends the £1 with the baker (to make his meat pies)
3. Who in turn spends £1 with the milk man who delivers his milk to make the pies
4. The milkman spends £1 with the dairy farmer
5. The farmer spends £1 on cattle feed
6. The feed manufacturer pays his sales rep £1
7. The sales rep happens to be my cousin, Bruce Colman, who has invited me to Sunday lunch so he gets his joint of beef from the butcher and the cycle starts again!

The last bit is jovial but the rest is real. If we look for the cheapest solution then the chances are this involves the Far East and then our £1 goes straight out of the local economy and has a huge impact.

I'm no financial guru, I just know that if we don't spend our money with local businesses who in turn are using local businesses to supply what they need then eventually we are all unemployed and at the mercy of the guy with all the wedge. And these guys seem to be in India and China!

We decide our own destiny and we should really be on the look out to help local businesses in these testing times. So please try and do business with those who are spending their money locally and not out sourcing to some foreign land.

Spend your £1 with small businesses and they can spend it with other small businesses and then all us dwarfs will have a jolly happy Christmas and prosperous New Year!



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