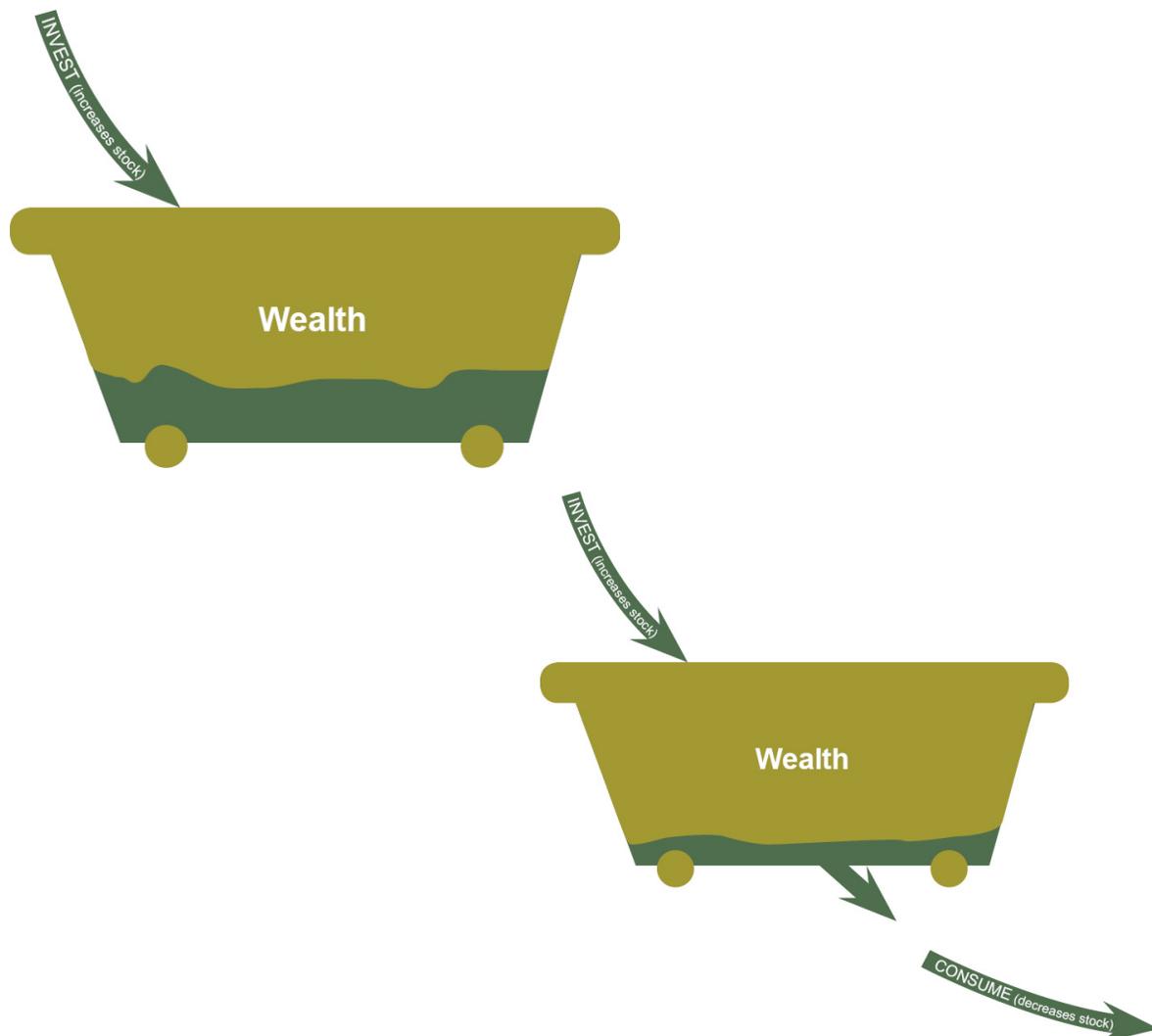


BUILDING YOUR STOCK OF WEALTH

When we think about economic development, most of the discussion is about creating jobs and income in our communities. A conversation about building wealth is different because we are focused on building a stock of wealth that we can control and use to make investments. These investments help to improve individual and family livelihoods and, ultimately help us become one of those “great” communities. What’s the difference between focusing on wealth vs. income?

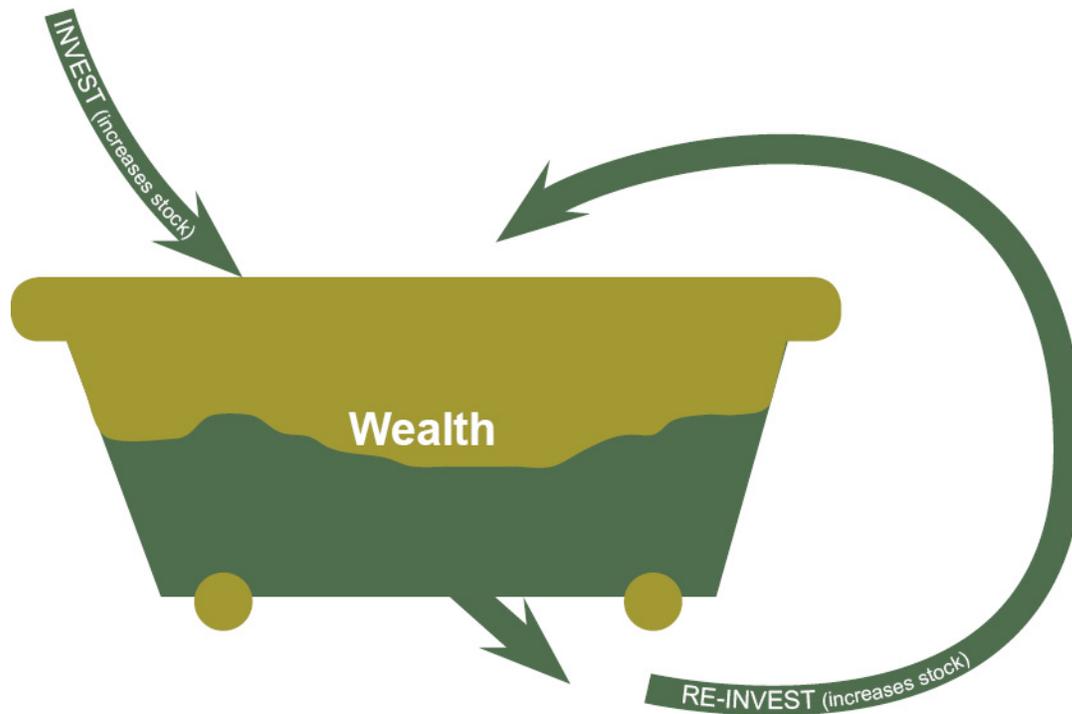
FILLING THE BATHTUB: INVESTMENT, CONSUMPTION, REINVESTMENT

We can think about a stock of wealth like the water in a bathtub. If you want to fill the bathtub, you have to think about the water coming in as well as the water flowing out:



Investments flow into the bathtub, building the stock of wealth. These investments generate returns (income) that can either be spent or consumed – the water flowing out of the tub – or reinvested.

You can build the stock of wealth in your community by increasing what you put in – your investment – or reducing what you consume. Whenever you put more in than you take out, you will build your stock of wealth.



EXAMPLES

What does this look like in practice? Suppose you want to develop a trails system in support of a sustainable tourism effort in your community or region. You will need to make an investment to develop the trails system – creating accessible walking/hiking trails, putting up signage, negotiating more public access points. These investments will build the stock of natural capital in the region and may even have an impact on the health of local residents. However, if you do not also set aside resources to fund upkeep and maintenance of the trails system, your investment – the stock of wealth – may actually diminish over time. If you plan for reinvestment at the beginning, you will be able to maintain and even grow the stock of wealth over time.

What other examples can you suggest from your own work?