Connecticut faces two intersecting economic crises. The first is the long-term concentration of poverty in many of the state’s urban and rural areas. The second is the sharp downturn because of military spending cuts and national and worldwide recession. Both have been accompanied by a reduction in lending and investment—a withdrawal of capital.

Connecticut’s first response has been to throw money at companies in the hope that they will stay in or move to the state. In the past two years, state government has provided $350 million in grants, bonds and loan guarantees to companies that were threatening to lay off employees, close or move. State officials say this program has saved or created 30,000 jobs. But the Department of Economic Development’s own informal audit shows that all the companies that have received assistance put together have had a net gain of only 621 jobs since the program began. These efforts may result in more jobs in the future, but we’ll never know; the state hasn’t even required companies to report how many jobs they have added or eliminated.

A promising alternative approach can be found in the Community Economic Development Program, a small part of the state economic initiative passed this June. It is supposed to create jobs and stem community deterioration in poorer urban and rural areas by providing technical and financial assistance to individuals, businesses, worker co-ops, community-based organizations and community-development corporations. It could become the model for a new development policy that sets clear goals and holds those who receive public support accountable.

The program establishes seven goals that well might form the basis for a future economic strategy:

- Job creation and skill development for the unemployed and underemployed and people receiving public assistance. In contrast to previous programs, enterprises receiving state aid must report how many jobs of what kind they have created for those most in need.
- Leveraging investment from private and community sources of private and community investment. Mobilizing financial resources from investors and labor and in-kind resources from the local community are keys to successful development.
- Community participation in decision-making. Community development works best when the community involved is involved and committed to the project. Participation may range from service on a board of directors for a company to ownership of small businesses and cooperatives to volunteer work on community projects.
- Self-sustaining enterprises. Communities need to develop institutions that will sustain themselves.
- Improving the environment. Enhancement of the physical environment is a crucial need and a crucial area for potential economic development.
- Promotion of affirmative action. Equal employment opportunities and minority-owned businesses. A central economic problem comes from the concentration of poverty because of racial and gender discrimination. The economic development program will try to use its resources to increase opportunities for groups that have been discriminated against.
- Coordination with the State Plan for Conservation and Development and other state and regional development plans. Development requires planning—to take advantage of opportunities for synergy and to prevent destructive side effects that hurt the environment or other economic sectors. The program will encourage projects that support the state’s conservation and development plan and its emerging efforts at strategic economic planning.

Community involvement is the key to economic recovery