

Digital Tactics for a U.S. Recession

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Economists and everyday people are talking about a U.S. recession. Warren Buffett recently said on CNBC that by any commonsense definition, the economy is in a recession based on what he is seeing from the businesses owned by his holding company, Berkshire Hathaway.

Martin Feldstein, president of the National Bureau of Economic Research, speculated that not only are we headed for a recession, it could persist longer than the last two U.S. recessions.

Recessions are particularly difficult for local governments. Budgets are tightened and large IT projects are often put on hold.

However, when difficult financial times hit, many aspects of the digital community become more important. It isn't just that there are cost savings or other returns on investment to be realized in well planned digital initiatives.

When a company is in economic difficulty, it usually needs to advertise more, while at the same time streamline business processes and improve the quality of products and services.

The same might be said of a community as a whole - the digital revolution helps accomplish those ends. Going increasingly digital opens new avenues for promotion in the broadest sense, and allows streamlining of the way local governments do business. Of course, the fundamental logic behind digital evolution is improving service to citizens and the quality of life for the community itself.

In other words, if we are heading into another recession and it's a long one, then the digital communities program is even more on target.

In fact, the economy is one argument for a community investing in digital technology, whether or not we find ourselves in a recession in the months ahead. For some time, the nation's economic health hasn't been as rosy as some statistics like the gross domestic product, might have had us believe. More of the country's wealth is going to the top 1 percent of the population. Simultaneously we are witnessing a definite erosion of the middle class and poverty is increasing. Also millions of homeowners have lost equity in their homes due to falling prices.

Much of this issue relates to economic development one way or another, not just because this is an important component of digital communities. With a recession looming and our underlying economic health in question due to job losses, trade deficits and a shifting manufacturing base overseas, the need for digital communities only continues to grow.

As Intel's chief executive, Paul Otellini, told BBC News, "People turn to computers to improve productivity during downturn, because at the end of the day, the computer is a tool for productivity."

He was explaining why his company will ride out any U.S. recession. But the notion is equally relevant to a community that wishes to reduce the impact of a recession on its citizens. Increased productivity is the way forward.