

Local Living Economies

The New Movement for Responsible Business

Judy Wicks

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A socially, environmentally, and financially sustainable global economy must be composed of sustainable local economies. Yet, tragically, from American “Main Streets” to villages in developing countries, corporate globalization is causing the decline of local communities, family businesses, family farms, and natural habitats. Wealth and power are consolidating in growing transnational corporations that wield alarming control over many important aspects of our lives—the food we eat, the clothes we wear, the news we hear, and even the government we rely on to protect the common good.

By working cooperatively, locally owned businesses and conscious consumers can create an alternative to corporate globalization that brings power back to our communities by building sustainable local economies—living economies that support both natural and community life. Over the last ten to fifteen years, the socially responsible business (SRB) movement has made great strides in raising consciousness about the responsibility of business to serve the common good, rather than simply increasing profits for the benefit of stockholders. The triple bottom line of people, planet, and profit has become a new measurement of performance for a growing number of companies that consider the needs of all stakeholders—employees, community, consumers, and the natural environment, as well as stockholders—when making business decisions.

Yet, problems have continued to worsen around the globe. All natural systems are in decline, global warming is accelerating, wealth disparity is increasing, and wars over dwindling natural resources pose a growing threat. Clearly a new strategy for building a just and sustainable global economy is crucially needed. While the SRB movement has brought improvement in business practices for many companies, overall business success is still measured by the old paradigm of continuous growth and maximized return on investment. Stockholder expectations and a “grow or die” mentality move companies to expand their brands nationally, competing with and often eliminating community-based businesses around the country and globally. In the end, even progressive companies are often forced to choose undesirable exit strategies when they become too large for purchase by employees, family members, or neighboring businesses with a commitment to the local community.

The forced buyout of Ben & Jerry’s, a movement leader and innovator of the multiple bottom line, by the international conglomerate Unilever during the fall of 1999 proved a wake-up call for those who had looked to that company for innovative leadership. Many other model companies in the SRB movement have recently been sold to multinational corporations, adding to the concentration of wealth and power that the movement was intended to combat—Odwalla to Coca-Cola, Cascadian Farms to General Mills, and most recently a large part of Stonyfield Farms to the parent company of Dannon yogurt. The sale of these businesses collectively demonstrates that companies committed to continuous growth and national branding, though financially successful and even environmentally friendly, end up detracting from, rather than contributing to, the creation of a democratic society where ownership, power, and prosperity are widely shared.

While there is important work being done to reform the corporate system by consumer groups and companies within the system, such as Stonyfield and Ben & Jerry’s, a second front of the SRB

movement has emerged. Rejecting the notion that corporate rule is inevitable, the Local Living Economy movement is building an alternative to corporate globalization—a decentralized global network of local living economies composed of independent, community-based businesses. The new movement focuses attention on issues of scale, ownership, and commitment to place, which the SRB movement has largely neglected. The Local Living Economy movement also demonstrates the importance of working cooperatively outside of individual companies, often with competitors, to build whole economies of triple-bottom-line businesses.

Businesses in local living economies remain human-scale and locally owned, fostering direct, authentic, and meaningful relationships with employees, customers, suppliers, neighbors, and local habitat, adding to the quality of life in our communities. Decentralized ownership spreads wealth more broadly and brings economic power from distant boardrooms to local communities where there is a short distance between business decision-makers and those affected by the decisions. Local living economies spread business models, not brands. Rather than expanding in the conformist, cookie-cutter style of the industrial era, entrepreneurs seek to diversify business ventures, creatively addressing the needs of their community through new business ventures that increase local self-reliance and sustainability. For example, a restaurant owner may start a retail store selling local food products, or a local ice cream company might join with local dairy farmers to start a yogurt company, rather than growing a chain or national brand.

Many new business opportunities lie within the “building blocks” of local living economies—local food systems, renewable energy, alternative transportation, locally designed and made clothing, recycling and reuse, green building, holistic healthcare, eco-friendly cleaning products, independent retail, local arts and culture, neighborhood tourism, and independent media. Addressing the deeper needs of their communities, local business owners can provide more fulfilling jobs, healthier communities, and greater economic security in their region. Success can mean more than growing larger or increasing market share; it can be measured by increasing happiness and well-being, deepening relationships, and expanding creativity, knowledge, and consciousness.

To provide sufficient capital for growing local living economies, the old paradigm of measuring success simply by maximized profits must also change for investors. Traditionally, investors seek the highest and quickest return on investment. But should we not also measure a “return” by long-term social and environmental improvement? In a living economy, investors seek a “living return”—one partially paid by the benefits of living in a healthy, vibrant community. By law, publicly owned companies are required to put the financial interests of stockholders above the needs of all other stakeholders. Therefore, even “socially responsible” funds, though screening out weapons manufacturers and tobacco companies, invest in a system that values profits over people and the planet. By choosing stock market investments, citizens take capital out of local economies and give more power and control to boardrooms in faraway places, where the well-being of local communities is not a priority. By investing our savings in community funds that loan money at affordable rates to small businesses, neighborhood projects, and housing developments, we receive a living return of improving the quality of life in our own communities.

Unlike publicly held corporations, independent companies share the fate of their communities and are free to make decisions in the interests of all the stakeholders. Local business owners are likely to understand that it is in their self-interest to run their companies in a way that benefits their own neighborhood and natural environment. Adam Smith’s “invisible hand” of the market works well when the self-interest of the business decision-maker is clearly tied to the well-being of the community. Rather than depending on large corporations for basic needs, which gives up economic power and adds to the environmental costs of global transport, living economies produce basic needs—food, clothing, shelter, and energy—locally and sustainably. This builds community self-reliance, provides new opportunities for ownership and job creation, and keeps capital within the community. What is not available locally is sourced from community-based businesses and small

farms in other regions and countries in an exchange that benefits the communities where products and resources originate.

Global interdependence is based on trust and mutual respect rather than exploitive resource extraction and sweatshop labor, and trade is facilitated through an intricate global web of small-to-small, win-win relationships that celebrate what it is to be human. Through global corporate domination, our Western business model, which takes more natural resources and gives off more pollution than the earth can restore, is being spread globally. Corporate monoculture has no sense of place, and the same chain stores and consumer goods are seen around the world. In a system of local living economies, cultural diversity flourishes, local languages are preserved, and what is indigenous to a region is valued for its quality, history, and uniqueness.

Lastly, and perhaps most important, large corporations have historically used militaries to protect their ability to exploit natural resources and cheap labor in less-developed countries, which is often the underlying cause of war. Through equitable and sustainable use of natural resources, local food and energy security, decentralized power and control, and celebration and understanding of cultural differences, local living economies will gradually build the foundation for lasting world peace.

Around the world, people are speaking out against the destructive role of corporate globalization in our lives—from indigenous uprisings in Mexico and farmers' strikes in France, to attacks on McDonald's in India, and mass protests in Seattle, Washington, Genoa, and Cancun. Many people, especially the young, have lost faith in business as a positive force and need a new vision for the constructive role business can play in our communities. Progressive business leaders are uniquely positioned to articulate this new vision, span the gap between the left and right, and direct the energy of concerned citizens, entrepreneurs, and young people toward creating a positive future for our world.