

Local Living Economies: The New Movement for Responsible Business **by Judy Wicks**

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A socially, environmentally and financially sustainable global economy is comprised of a network of sustainable local economies. Yet, tragically, communities around the world have lost their self-reliance and become dependent on multi-national corporations for the long distant transport of basic needs. From American “Main Streets” and rural communities to villages in developing countries, corporate globalization is causing the decline of locally owned 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, local governments and conscious citizens can create an alternative to corporate globalization that brings power to our communities by building sustainable, self-reliant local economies – “living” economies that support healthy natural and community life.

Socially Responsible Business Movement

Over the last twenty 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.

Old Paradigm of Continuous Growth

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 brand nationally, competing with and often eliminating, community-based businesses around the country, and eventually internationally. In the end, even responsible 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 buy-out of Ben & Jerry’s, a movement leader and innovator of the multiple bottom line, by the international conglomerate Unilever at the end of 1999 was a wake-up call for those who had looked to that company for innovative leadership. Many other model companies in the SRB movement have 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 more recently Stonyfield Farms to Dannon, Tom’s of Maine to Colgate, and The Body Shop to L’Oreal. The sale of these businesses 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.

Building an Alternative

While there is important work being done to reform the corporate system by consumer pressure, stockholder activism and ethical people within the corporations, 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 comprised of independent, locally owned businesses committed to building healthy communities aligned with natural systems.** This new movement focuses attention on issues of place and local identity, appropriate scale, and broad-based ownership, which the SRB movement had thus far largely ignored.

In Local Living Economies, rather than focusing solely on developing responsible practices within their companies, business owners work cooperatively with other businesses, including competitors, to build community self-reliance, growing whole local economies based on triple bottom line businesses. Companies 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 their 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 their decisions.

Rather than depending on large corporations to ship basic needs long distances, which decreases economic security 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 circulating within the community. What is not available locally is sourced from community-based businesses and small farms in other regions and countries in fair trade exchange that benefits the communities where products and resources originate. Global interdependence is based on trust, mutual respect, and reciprocity, rather than exploitive resource extraction and sweatshops.

In local living economies, businesses reject continuous material growth as the measurement of success, and spread positive business models, information and ideas to other regions, rather than brands. Instead of expanding in the conformist, cookie-cutter style of the industrial era, entrepreneurs seek to creatively address the needs of their own community through new ventures that increase community self-reliance and sustainability. Many new business opportunities lie within the “building blocks” of local living economies – local food production and processing, renewable energy, alternative transportation, locally designed and made clothing, recycling and reuse, green building, zero waste manufacturing, holistic health care, eco-friendly cleaning and office products, independent retail, local arts and culture, neighborhood tourism, and independent media. By addressing the deeper needs of their communities, local business owners can provide more fulfilling jobs, healthier communities and greater economic security for their bioregions. In the end, true wealth lies in community self-reliance, where all citizens feel secure in their access to basic needs and in belonging to cooperative, caring, and joyful communities. Success can mean more than

constant material growth; it can be measured by increasing happiness and well being, deepening relationships, and expanding creativity, knowledge, and consciousness.

Role of Investors

To provide sufficient capital for growing local living economies, the old paradigm of measuring success simply by maximizing 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 healthier communities and natural environments.

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 distant corporations, 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 grow small businesses, provide local sources of renewable energy and healthy food, develop energy-efficient and affordable housing, and support grass-roots neighborhood projects, we receive a “living return” of improving the quality of life in our own communities. Rather than looking for a maximum return, investors who accept a “living return” help grow community self-reliance and sustainable, community-friendly businesses that contribute to building a just and sustainable global economy in the long term.

Toward a Positive Future

Unlike publicly held corporations, independent companies are free to make decisions in the interests of all the stakeholders. Business owners who live and work in the same community 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 business decision-makers is clearly tied to the long-term well being of their communities.

Through corporate globalization, our unsustainable Western culture, 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. Locally owned independent retailers such as bookstores, coffee shops, craft stores, dress shops and restaurants give each town and city unique local character. Family-owned hardware stores, drugstores and department stores provide personalized service, quality jobs, and civic engagement that are missing in national chains. By restoring the fundamental human relationships that comprise a self-reliant local economy, the movement for local living economies brings greater happiness and collective joy to our communities.

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 individuality. Unique locally made products – from wine and cheese, to art and automobiles (sustainably powered, of course) – are traded in an intricate global web of small-to-small, win-win relationships,

which celebrate what it is to be human.

Lastly, and perhaps most importantly, this alternative economic model is building a global peace economy. 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, water and energy security, decentralized power and control, and celebration of cultural differences, local living economies are gradually building 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 farmer strikes in France, to attacks on McDonalds in India and mass protests in Seattle, Washington, Prague and Genoa. Many people, especially the young, have lost all faith in business as a positive force, and need a new vision for the constructive role business can play in our communities. Community-based business leaders are uniquely positioned to articulate this new vision - one of community self-reliance, caring and cooperative relationships, joyful communities, and harmony with nature – which can 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.

The Local Living Economies Movement is about:

- ~ Maximizing relationships, not maximizing profits
- ~ Broad-based ownership and democracy, not concentrated wealth and power
- ~ Sharing, not hoarding
- ~ Life serving, not self-serving
- ~ Partnership, not domination
- ~ Cooperation based, not competition based
- ~ Win-win exchange, not win-lose exploitation
- ~ Creativity, not conformity
- ~ A living return, not the highest return
- ~ A living wage, not the minimum wage
- ~ A fair price, not the lowest price
- ~ “Being more, not having more” (from the Earth Charter)
- ~ Interconnectedness, not separation
- ~ Inclusion, not exclusiveness
- ~ Community and collective joy, not isolation and unhappiness
- ~ Cultural diversity, not monoculture
- ~ Bio-diversity, not mono-crops
- ~ Family farms, not factory farms
- ~ Slow food, not fast food
- ~ Our bucks, not Starbucks
- ~ Our mart, not Wal-Mart
- ~ Love of life, not love of money

Judy Wicks is founder and proprietress of the White Dog Cafe in Philadelphia. She co-founded the Business Alliance for Local Living Economies (BALLE), a network of business groups in North America that create living economies in their regions. Judy is also founder of the Sustainable Business

Network of Greater Philadelphia, the BALLE network in her region. More information about BALLE (www.livingeconomies.org), the Sustainable Business Network (www.sbnphiladelphia.org) and the White Dog Cafe (www.whitedog.com) can be found online. Written in 2002, updated in 2007.