

Local Living Economies: The New Movement for Responsible Business

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A socially, environmentally and financially sustainable global economy is dependent on sustainable local economies. Yet, tragically, from American “Main Streets,” to villages in developing countries, corporate globalization is causing the decline of local communities, local businesses, family farms, and natural habitats. As wealth and power continue to consolidate into growing transnational corporations, small and medium size companies can help turn the tide for social and environmental justice by working together to build local living economies in our own regions, and linking nationally and internationally.

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 McDonalds in India and mass protests in Seattle, DC, Prague and Genoa. Many, especially young people, have turned against all business. Progressive business leaders are uniquely positioned to articulate a new vision for business and direct the energy of concerned consumers, entrepreneurs and young people toward creating a positive future for our world.

Socially Responsible Business Movement

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 needs of 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, suppliers, consumers, and the natural environment, as well as stockholders - when making business decisions. Yet, global problems have continued to worsen - natural systems are in decline, wealth disparity has increased, 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 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 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 buy-out of Ben & Jerry’s, a movement leader and innovator of the multiple

bottom line, by the international conglomerate Unilever in the fall 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 recently been sold to multinational corporations, adding to the further concentration of wealth and power that the movement was intended to combat - Odwalla to Coca-cola, Cascadian Farms to General Mills, and most recently 40% of Stonyfield Farms to the parent company of Dannon. These sales collectively demonstrate 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, control, and prosperity are widely shared.

Building an Alternative

While there is important work being done to reform the corporate system by non-profits 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 comprised of independent, community-based businesses. While continuing to teach sustainable business practices, the new movement focuses attention on issues of scale, ownership, and place, and the importance of working outside of our companies, often with competitors, to build a living economy.

Rather than growing larger and larger, new business models remain human-scaled and locally owned, fostering direct, authentic and meaningful relationships with employees, customers, suppliers, neighbors, and local habitat, which add to the quality of life in our communities. Growth can be measured in ways other than physical size - expanding creativity, knowledge, and consciousness, deepening relationships, and increasing happiness and well being.

As an alternative to national branding and centralized control, local living economies promote regional brands and decentralized decision-making through wide spread ownership. Community-based businesses can work in partnership with similar companies in other regions, expanding models, not brands, and sharing information and ideas, rather than competing to dominate the national marketplace. Economic control remains with local communities, where there is a short distance between business decision-makers and those people affected by their decisions.

Rather than choosing the conformist, cookie-cutter style of the industrial era, entrepreneurs can diversify business ventures. Addressing the needs for increasing local self-reliance and sustainability, many new business opportunities can be found within the building blocks of living economies. These building blocks include the local food

system, sustainable energy, alternative transportation and fuels, locally designed and made clothing, recycling and reuse, green building, independent retailers, local arts & culture, neighborhood tourism, crafts production, holistic health care, eco-friendly cleaning products, and independent media.

By addressing the deeper needs of their community, business owners can grow their companies in new ways, providing more fulfilling jobs, healthier communities and greater economic security for their bioregions.

The Role of Investors

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 how do we measure a return – only by financial measurement, or also 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 healthy, vibrant communities and participating in a sustainable global economy.

By law, publicly owned companies are required to put the short-term 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 which values profits over people and planet. By choosing stock market investments, citizens take capital out of local economies, and give more power and control to boardrooms in far away places, where the well being of local communities is not a priority. By accepting a living return, we can invest our savings in community funds which loan money at affordable rates to small businesses, neighborhood projects, and housing developments, improving the quality of life in our own communities. Rather than looking for a maximum return in the short term, venture capitalists who accept a living return help grow sustainable, community-friendly businesses, which contribute to building a just and sustainable global economy in the long term.

The Benefits of Local Living Economies

Unlike publicly held corporations, independent companies 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 self-interest is tied clearly 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 locally, building community self-reliance, creating jobs, providing new

opportunities for ownership and keeping 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 mutual respect, trust and win-win relationships, rather than exploitive resource extraction and sweatshops.

Corporate globalization creates a corporate monoculture, while local living economies enhance local character. Independent ice cream parlors, bookstores, coffee shops, retail shops and restaurants give each town and city a unique feel, and family-owned hardware stores, drugstores and department stores provide personal relationships, quality jobs, and civic engagement that are missing in national chains. Cultural diversity flourishes and what is unique to a region, is traded globally through art, dance, music and crafts, enhancing cultural understanding and the enjoyment of community life.

Lastly, and perhaps most importantly, 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.

The Local Living Economies Movement is about:

Maximizing relationships, not maximizing profits

Growth of consciousness and creativity, not brands and market-share,

Democracy and decentralized ownership, not concentrated wealth.

A living return, not the highest return.

A fair price, not the lowest price.

Sharing, not hoarding,

Life serving, not self-serving.

Partnership, not domination.

Cooperation based, not competition based.

Win-win exchange, not win-loose exploitation.

Family farms, not factory farms.

Bio-diversity, not monocrops.

Cultural diversity, not monoculture.

Creativity, not conformity.

Slow food, not fast food.

Our bucks, not Starbucks.

Our mart, not Wal-Mart.

Love of life, not love of money.

