

# **Local Living Economies: The New Movement for Responsible Business**

**By Judy Wicks**

President of the White Dog Cafe and  
Co-Founder of Business Alliance for Local Living Economies

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.

## **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 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 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 concentration of wealth and power that the movement was intended to combat – Odwalla to Coca-cola, Cascadian Farms to General Mills, and most recently eighty percent 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.

## **Building an Alternative**

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, locally-owned businesses.** The new movement focuses attention on issues of scale, ownership and place, which the SRB movement has largely ignored. The Local Living Economy movement also demonstrates the importance of working cooperatively outside of individual companies, often with competitors, to build whole local 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.

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 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 trust, mutual respect, and reciprocity, rather than exploitive resource extraction and sweatshops.

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, creatively addressing the needs of their community through new business ventures that increase local self-reliance and sustainability. 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 health care, 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 bioregions. 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.

## **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 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 healthy, vibrant communities.

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 far away 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. Rather than looking for a maximum return, investors who accept a living return help grow 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. 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.

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 personal relationships, quality jobs, and civic engagement that are missing in national chains.

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 indigenous 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, 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 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. 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.

### **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 living wage, not the minimum wage
- ~ 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-lose 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

*Judy Wicks is the president of the White Dog Cafe in Philadelphia. She also co-founded and co-chairs 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 co-chair of the Sustainable Business Network of Greater Philadelphia, the BALLE network in her region. More information about BALLE ([www.livingeconomies.org](http://www.livingeconomies.org)), the Sustainable Business Network ([www.sbnphiladelphia.org](http://www.sbnphiladelphia.org)) and the White Dog Cafe ([www.whitedog.com](http://www.whitedog.com)) can be found online.*