PART IV: BUILDING COMMUNITY RESILIENCE

Economic Relocalization

In video 16 we saw how globalization creates anti-resilience, or brittleness. As a result of this increasing economic brittleness there is a very real risk of global supply chain breakdowns, which could be caused by a financial crash or other event over which people in a given community have no control. This risk can be partly countered by economic localization, which helps make communities more resilient.

The tradeoffs between globalization and resilience come down to thousands of specific cases in towns and cities across the country. If the operators of a big-box store, which has already killed off local retailers, make the decision to shut their store due to larger economic trends or the company's bottom line, townspeople can be left with no resort other than to drive many miles to another, further distant, mega-store to meet their needs. Community resilience has been eroded. The answer in this case is for the community to support local retailers rather than giving subsidies such as tax breaks and free utility hook-ups to big-box stores, as is so often done.

In this video we will see why, even though the playing field is often tilted in favor of big business, local and small businesses are still the backbone of the American economy, and provide it with considerable resilience. We'll see why supporting small and local businesses makes sense on many levels, even beyond the resilience imperative.

First, what are the advantages that big businesses enjoy? Global distribution chains are often subsidized for their benefit. Giant corporations can also hire armies of attorneys to find ways to exempt them from corporate taxes. And unlike local retailers, online sellers don't collect local sales taxes. Further, securities laws are rigged to prevent investment in local companies and

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facilitate investment in giant corporations. On top of that, international aid and development programs spend the overwhelming majority of their funds not with local businesses in the countries they say they're trying to benefit, but with multinational conglomerates that compete in the global economy.

Still, in spite of all these disadvantages, small local businesses continue to flourish in the United States, and often out-compete the big players. For example, local co-ops are often able to offer lower prices to customers, among whom they tend to inspire the kind of loyalty that even huge advertising budgets can't command. A full list of local cooperative businesses would include thousands of names; some of them—like Sunkist Growers or Diamond Walnut Growers—may be familiar to you. But the vast majority—like Old Dominion Electric Cooperative in Glen Allen, Virginia, or the Tennessee Farmers Cooperative, owned by some 60,000 farmers across the state—are known mostly just by their members and customers.

Half of all private-sector U.S. jobs are still provided by small businesses, officially defined as those with fewer than 500 employees; and almost all of these businesses are local.[1] That figure doesn't include the 26 million Americans who are self-employed. And if we also include unpaid work—stay-at-home parents, family care of the elderly, and volunteerism—then perhaps 80 percent of the *real* American economy is small and local.

Moreover, global companies haven't significantly increased their market share of GDP during the past twenty years. Despite major trade agreements, generous tax incentives given in the name of "economic development," and massive advertising campaigns, the lion's share of retailing and even much manufacturing remains stubbornly local.

Advocates of big businesses tell us that we all benefit from economies of scale, so bigger is better. But, in reality, studies show that the wealthiest economies are precisely those with the highest percentage of locally owned

[1] Source: http://www.bls.gov/bdm/bdmfirmsize.htm

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businesses. That's at least partly because local dollars have a multiplier effect—when spent within the regional economy, they increase local wealth, local taxes, jobs, charitable contributions, tourism, and entrepreneurship. In contrast, money spent at the chain stores or at online retailers tends to leave town fast; it contributes far less to the local economy.

All of this suggests that building community resilience through economic localization may have many side benefits.

Let's look at the local economy in a little more detail, in terms of four of its main sectors.

Since ***food*** is a necessity, localizing our food system should be a high priority. Fortunately, there is already a strong trend in this direction: according to the U.S. Department of Agriculture, local food is one of the fastest growing segments of agriculture. At farmers markets, shoppers buy directly from local growers. The USDA currently lists over 8,000 farmers markets in its National Farmers Market Directory, up from 5,000 in 2008 and from less than 2,000 in 1994.[2]

Some ***manufacturing*** is centralized for good reasons: think how impractical it would be for each city to manufacture all its own cars and trucks. Yet many small-to-medium sized manufacturers, even if they supply distant customers, still constitute small businesses. Even small manufacturers usually rely on national or global supply chains for raw materials and components. Nevertheless, wherever manufacturing can be reduced in scale and plugged into local supply chains, to serve local customers, the result tends to be more local jobs and other benefits.

Big ***retail*** chains with big advertising budgets and the capacity to sometimes sell at or below cost in order to attract customers tend to drive existing local businesses into bankruptcy. Yet city and county officials are often persuaded to offer big-box stores substantial tax advantages, or even free land

[2] https://www.ams.usda.gov/local-food-directories/farmersmarkets

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and utility hookups, if they locate their mega-stores in their communities. Leveling the playing field requires educating those policy makers to the real costs of destroying local enterprise and local jobs. Local “small-mart” organizing efforts to keep chain stores out have succeeded in towns and cities across the country.

But promoting local enterprise goes well beyond fighting the chain stores. “Go local” campaigns are thriving in dozens of cities across the nation, including Boston, Atlanta, and Tacoma. Santa Rosa, California is host to a downtown storefront operation called Share Exchange—perhaps best described as a localist mini-mall, hosting a “Made Local” marketplace, a “share space” co-working center, and a cooperative business incubator. Many cities publish directories of local service providers. And there are national alliances of local businesses, including Business Alliance for Local Living Economies (BALLE) and American Independent Business Alliance. Even more encouragingly, self-financing “pollinator” enterprises are emerging in towns and cities around the country to support local businesses.

Finally, local ***investing*** has long been systematically discouraged by Securities and Exchange Commission rules that funnel retirement accounts and other local investment dollars toward Wall Street. Since 2008, millions of Americans have moved their personal accounts out of big banks and into local credit unions. But now there are efforts to go further, including the establishment of local exchanges, where ordinary citizens can pool capital to invest in regional enterprises.

Local economic development benefits everyone—except maybe big multinational corporations. A more local and therefore more resilient economy is one in which people feel they have more of a stake in production and distribution as well as consumption; one in which they have more knowledge of where their goods come from and what happens to them at the end of their lifecycle. Finally, nothing fundamentally new has to be invented for this to

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happen: local economies have deep and ancient roots, and there are already efforts underway in hundreds of towns and cities around the country to support local enterprise.

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