
Commonomics

Laura Flanders
on strong local economies



YES! special
coverage in
collaboration
with

GRITtv

In our new series, YES! Magazine investigates what it will take to strengthen our local economies for the benefit of all.

Welcome to Commonomics: How to Build Local Economies Strong Enough for Everyone

[Laura Flanders](#)

Oct 04, 2013

Chokwe Lumumba was an unlikely candidate for high office in Mississippi. But last June, the former Black Nationalist and one-time attorney to Tupac Shakur was elected Mayor of Jackson. He's now in hot pursuit, not of big box stores or the next silver bullet solution to what ails the state's capital city. He wants to create [worker-owned cooperatives](#) and small-scale green businesses and to invest in training and infrastructure. It's the program of change he ran on in the election: local self-reliance.



Photo by [Peter Blanchard](#).

Jackson's population is 80 percent black, 18 percent white, and the rest largely immigrant, with heavy concentrations of Indians, Nigerians, and Brazilians.

"Without question, the ideas of economic democracy that we want to propose come from the Southern context," says Kali Akuno, a member of the Malcolm X Grassroots Movement and a coordinator of special projects for the Lumumba administration.

That Lumumba won the election came as a surprise to some, but not to Akuno: "There exists an audience in the black community that is way more willing than others to experiment with distribution."

Self-reliance "is in our history. It's had to be," he continues. "People know about Fannie Lou Hamer organizing black voters to fight segregation, but do they know she also helped to start cooperatives with retail distribution across Mississippi that are still around today?"

Far from Mississippi, on the Pine Ridge Reservation, Indigenous entrepreneur Mark Tilsen has just begun the process of turning ownership of his local food products company over to his workers. Tilsen founded Native American Natural Foods with his partner Karlene Hunter in 2006.

Five years later, they won a Social Innovation Award from the Social Venture Network. Today, they're innovating again: joining a cohort of Native American leaders in a program to strengthen the local economy by democratizing wealth and ownership. The program has been developed by the Democracy Collaborative and the Northwest Area Foundation.

Tilsen and I talked via cellphone in August, as a hailstorm pelted down on the reservation. For many years, Pine Ridge has ranked as this nation's poorest place according to the U.S. Census. Eighty percent of the residents are unemployed; 49 percent live below the poverty line. In 2007 life expectancy was estimated at 48 for men and 52 for women. "Why co-ops?" I asked.

"The goal of our company is wealth creation and self-determination on the Pine Ridge Reservation, so we want our employees to own the wealth they're creating. We didn't make this company to sell or flip it," answered Tilsen. "In tribal communities, traditional methods of production were based on 'tiospaye'—the Oglala word for extended family structures," Tilsen explained. "That's how we survived and how we took care of one another, organizing points of production in a cooperative way. It's nothing foreign."

Tilsen hopes to have Native American Natural Foods in employee hands by June, 2014.



*Peaches, a soul-food restaurant on Jackson's historic Farish Street. The business was started in 1961 by Wilora "Peaches" Ephram & was frequented by leaders in the Civil Rights movement.
Photo by [Sheila Scarborough](#).*



Mark Tilsen (back left) with staff of Native American Natural Foods.

Photo courtesy of Native American Natural Foods.

COMMONOMICS

Commonomics will focus on the gatherers, those who are working to foster economic growth from within. We'll be asking what's working, what isn't, and by what standard are our local economies to be judged?

Welcome to "[Commonomics](#)," a new collaboration between [YES! Magazine](#) and [GRITtv](#). Starting this month, we'll be traveling the country asking the question: what makes for a strong local economy? It's not a question that produces easy answers.

[Farmer-philosopher Wendell Berry](#) defines economy this way: "I mean not economics but economy, the making of the human household upon the earth; the arts of adapting kindly the many, many human households to the earth's many eco-systems and human neighborhoods."

BEYOND GDP: MEASURING WHAT MATTERS

Aggregate counts of economic activity like gross domestic product, or GDP, give all activity equal value. The cultivating of an urban farm, which may involve little paid work and consume few bought materials, is less "productive," in GDP terms, than paving that farm over.

"When grain prices go up, that's good for GDP but terrible for hunger," says Joshua Farley, a professor in community development and applied economics at the University of Vermont. "GDP is an excellent measure of cost; a terrible measure of benefit."

To even start a new conversation, we need new measurements. As the Business Alliance for Local Living Economies (BALLE) puts it, it's time to start "measuring what matters."

Farley's been involved in studies of Burlington, Vt., using a Genuine Progress Indicator, a version of the Index of Sustainable Economic Welfare that looks at a community's overall well-being. There are many variations of these alternative indicators. Though most still equate value with consumption and growth, some include factors that GDP leaves out—like the value of unpaid household and volunteer work—and factor in the cost of pollution, depletion of resources, and the consequences of uneven distribution of wealth.

We don't yet measure the real costs of these problems in the United States, because, for example, we tend to underprice energy, transportation, and education, and pay no tax on environmental pollution.

According to Robert Reich, former U.S. Labor Secretary and a professor at the University of California, Berkeley, "A true tally of all that might reveal the value of being more local."

By now, we know the signs of a "household" that's been hollowed out. We've seen the [food deserts](#) and the [chronically vacant homes](#), the ghostly downtown storefronts and the municipalities in hock to the last sweet-talking corporation to [suck up public subsidies](#) and then

run away. We're familiar with the tension in a city where the only thing the rich and poor districts have in common is a subway line. We know what it's like to be close, everywhere, to the same chain coffee shop and two hours away from the "local" hospital. We've seen the sprawl that ate the woodlands and the floodwaters that steadily rose.

In Commonomics we're going to look at communities that have had enough of all that; places where, by choice or by crisis, [people are trying to figure out how to transform what they've known](#) into something better for all.

There's no consensus on the meaning of "local," let alone agreement on what makes an economy "strong." Ask 25 people with expertise in the topic, and you'll hear 25 different answers. (I know because that's what I did.) But there is history here, and a breadth of experience we can draw on if we pay attention, especially to those for whom "self-reliance" is not a lifestyle choice.

Wealthy communities, let's face it, aren't famous for their embrace of togetherness and sharing. The wealthiest "local" economies are surrounded by locking gates. In [Commonomics](#), we're going to talk with some of the people and groups who, when it comes to sustainability and localism, have often been excluded from the policymaking and the debate, and yet who may have the most rooted and innovative ideas for building strength.

I'm reminded of the words of J. Bob Alotta, executive director of the Astraea Lesbian Foundation for Justice, referring to the disproportionately low-income LGBT groups she funds: "To be unsafe inside your own skin can be isolating but it is also a value proposition...It begets the possibility of building community in ways that may seem old fashioned."

Nevertheless, even the best community builders need structural support. Policymakers and economic developers typically fall into two camps: "hunters" and "gatherers." The former look to tempt big businesses from elsewhere to move to where they are by [showering them with tax breaks and benefits](#) that simultaneously siphon money out of a local area. [Commonomics](#) will focus on the gatherers, those who are working to foster economic growth from within. We'll be asking what's working, what isn't, and by what standard are our local economies to be judged? Environmental health, unemployment, social mobility; there are many relevant metrics. We'll prioritize poverty reduction and quality of life.

WHAT IS A LOCAL ECONOMY, ANYWAY?

Local" has become a buzzword. There's "Eco-localism," local food and local farming, local media movements, and regional, state, and even national ad campaigns urging us to "eat local," "buy local," and "put local first." Local's gone global, but what exactly does it mean?

I bought the desk I'm writing on on eBay. I've saved a pretty antique from the dump and spared the environment the cost of a bit of fresh manufacturing. I've helped some eBay merchant's

How Local Dollars Stay Put

THE LOCAL MULTIPLIER EFFECT

Buying local products at locally owned businesses keeps money circulating closer to where you spend it. This creates a ripple effect as those businesses and their employees in turn spend your money locally. Corporate chains send most of your money out of town.



For every \$1 spent at a local business ...



For every \$1 spent at a corporate chain ...



A LITTLE GOES A LONG WAY

If everyone in a community spends a greater percentage locally, the multiplier effect turns that into big bucks for the local economy. For example, increasing local spending from 50 to 80 percent more than doubles the local effect—from \$200 to \$500.

Increasing percentages of \$100 spent locally

10% 20 30 40 50 60 70 80 90

The local effect of that spending

\$1,200
\$1,000
\$800
\$600
\$400
\$200

Sources: Sustainable Seattle; Civic Economics; YES! Magazine

“local” economy. But compared to the closest furniture factory, is that nice eBay seller in Oklahoma contributing more or less in terms of jobs and taxes? The mind boggles.

[Stacy Mitchell](#), director of independent business and community banking initiatives at the Institute for Local Self-Reliance, says “local” varies by sector of the economy. Retail and banking businesses can be considered local if the owners are within a certain geographic area. But every village is not going to start making its own jet aircraft. “Talking manufacturing, you may need to be talking regional or statewide,” says Mitchell.

Geography matters less than goals, she continues: “The goal is having community-led, community-controlled economies where the decision-making is by those who are feeling the effects of the decisions that are made. [We need] humanly scaled systems both in economics and politics.”

At the American Sustainable Business Council, David Levine talks about the “triple bottom line” of social, environmental, and economic impacts.

“Within that frame, local by itself is not enough,” he says. Levine does not want people buying “local first” from a [locally owned sweatshop](#) or toxic chemical plant. To avoid that, what’s important to business owners and consumers alike, he says, is that there be “transparency around values.”

“The so-called local economy is really best understood as a regional transaction,” says [Anthony Flaccavento](#), a family farmer, community leader, and small-business owner from Abingdon, Va. “You need to think regionally. What does your region support ecologically and where are the markets? The hyper-local focus, within five or 100 miles is foolish. Most goods travel 2,000 miles. If you can build something [to substitute] within 500 miles you’ve made a major impact.”

To Flaccavento, who built a nationally recognized nonprofit, [Appalachian Sustainable Development](#), a critical indicator of a strong local economy is what he calls “synergy”—how much one positive action ignites another. A few large employers help anchor a community’s economy, for sure, but when a community is depending on one or two entities to keep a place ticking over, it’s vulnerable to devastation should that single employer move out. That company may get a better deal somewhere else in tax breaks or community services.

What We Get From Local Businesses



Higher Environmental Standards

Generally, it's the nonlocal businesses that are leading the fights against tougher environmental standards.

Greater Wealth Generation

Because nonlocal businesses come and go while local businesses stick around for years, even generations, they are much more reliable generators of wealth, income, and jobs.

Job Stability

The opening and shutting of large, nonlocal business create enormous stresses, especially on a small community's economy.

Sustainable Urban Planning

A locally-owned business is a natural promoter of anti-sprawl policies because they place a premium on being easily accessible by local residents. They support community designs that involve walking or biking. They tend to be small and fit easily inside homes or on the ground floor of apartment buildings.

Sense of Identity

Part of what makes any community great is how well it preserves its unique culture, foods, ecology, architecture, history, music, and art. Local businesses celebrate these features, while nonlocals steamroll them with retail monocultures.

Democracy

Studies of voting behavior suggest that the longer residents live in a community, the more likely they are to vote, and that economically diverse communities have higher participation rates in local politics.

Source: Michael H. Shuman, *Local Dollars, Local Sense*
YES! Magazine

Photo by Mary Rice / Shutterstock

BUYING LOCAL IS NOT ENOUGH—WE HAVE TO CHANGE THE RULES

To make the substantial shifts that we need, it's going to take more than consumers buying local, says [Michael Shuman](#), research director of the Business Alliance for Local Living Economies (BALLE). It's going to require [tilting the policy landscape toward local businesses](#). Rather than simply [lecturing consumers on buying local](#), government will have to lead by doing likewise.

The government's purse is a whole lot more powerful than Joe and Jane Consumer's. There are many things cities and [states already do](#) to benefit business—like offering subsidies, grants, and loans. Cities are experimenting with different ways to direct those public benefits to locally owned businesses that benefit the public, and through government contracting and procurement.

Some, like [Cleveland](#), award extra points in the contract bidding process to businesses that are locally owned, or green, or pay prevailing wages, or hire local workers, or all of the above. But so far, policymakers have generally been reluctant to cut the multinationals off. Charging discrimination, internationally owned firms have been known to challenge local preference rules under international trade law and the fear of lawsuits puts an effective chill on legislators.

But, says Flaccavento, "If you're promoting downtown revitalization and supporting small business, you can't simultaneously build a big box

development on the outskirts of town. One will undermine the other."

Shuman wants government to move its money—all of it, "including everything that requires city staff time and energy, from non-local business and refocus it instead—laser-like—on local business."

WHO IS PART OF A STRONG LOCAL ECONOMY?

Which brings us back to Wendell Berry's idea of the "household." There's not a lawmaker in America who thinks he has more money than his community needs. Deploying that public purse is all about making choices. How are you going to manage the household? And who's seen and heard in your economic "house"? The human household is a many-faceted thing, not to mention multinational, which can make the language of "local" contentious. Can disparaging non-local businesses spill over into discriminating against non-local workers? Just whom do we call a "local" anyway and do they have to speak our language?

Local arts ...

"It's important to do the right kind of asset mapping," says Sam Miller, director of the Lower Manhattan Cultural Council. Communities with robust local economies create environments where artists can thrive and work. Artists "hire workers, rent space, make stuff, sell it," says Miller. Good arts policy is good development policy, and vice versa. Don't fetishize artists, fund them: "When you're defining a economic cluster, do you include artists in the same way you'd include web developers?"

... and local media.

The strongest local communities have local independent media—think Berkeley, Boulder, Tampa (all are community-radio rich). "People need to be well informed about what's happening where they live and how it relates to what's going on around them. People need to get to know each other and be shown a way to respond to the challenges they face," says Jo Ellen Kaiser, executive director of The Media Consortium, a collaborative organization of independent media outlets (both GRITtv and YES! are members). Put an independent media center in your downtown development district and you give it voice.

Artisanal crafts and local produce are attractive. But if you're going to serve everybody, scale matters. Wealthy communities can afford to do a lot of sexy things that poor communities cannot because no money is coming in. That's why Dan Swinney believes manufacturing needs to be part of the strong local economy too.

A former machinist who established Manufacturing Renaissance in Chicago, Swinney works in [communities that have become job-poor due to globalization](#) and the closure of local businesses for lack of next-generation owners and managers. "A lot of people ignore the material aspect of things," he said.

“You can have jobs that build people or destroy people but you need an employment base.” Swinney would prefer ownership of his company be local and democratic. He's all for ESOPs (Employee Stock Ownership Plans) and is in favor of [co-ops with worker ownership and worker control](#). But, he says, “There’s a sequence from lower to higher value.” Swinney’s first priority is on getting people into jobs.

GETTING INSTITUTIONS ON BOARD

What’s exciting about getting people engaged in local community-building is getting people engaged in how their community works. But if and when people want to change that, “locals” need not just local shops and arts, but institutions that influence policy.

The U.S. Chamber of Commerce is, at last, no longer the only business group at most negotiating tables. “I think it’s fair to say there’s a blossoming of alternative economic development models and business associations,” says Greg LeRoy, of Good Jobs First, a group that debunks what it calls the business lobby’s “pseudo-science” around what’s good for the “business climate.” There's also—among many others—BALLE, the Independent Business Alliance, the Main Street Alliance, and the American Sustainable Business Council.

“There’s much broader thinking now, more rooted in the local community, that’s able to weigh in on development debates such that the Chamber doesn’t have a monopoly any more,” LeRoy says.

On the worker side, “a strong local economy would have to have collective organizing of workers in order to be fully democratic,” says Michael Lighty, policy director of [National Nurses United](#), based in Oakland, Calif. “Unions are the key institutions that give individuals collective power.”

Still, “The new economy for us is not simply about peppering the landscape with groovy models, but is part of broader economic justice organizing and political action,” says Sarah Ludwig, founder and co-director of the New Economy Project in New York. Unless there's broad institutional change—breaking up big banks, effecting some semblance of corporate accountability, getting money out of politics, “you know, just for starters,” Ludwig says—“The creation of model institutions will take us only so far.”

The most participatory local budgeting process isn’t going to stop the crisis in public schools as long as the budget the community’s participating in is an austerity budget. Which brings us to the question of power.

SO HOW DO ORDINARY PEOPLE GET POWER IN THIS ECONOMY?

From Mississippi to Pine Ridge, allies abound for policymakers, entrepreneurs, and those who want to build strong local economies. But how do those potential allies build power enough to have an influence?

On the Gulf Coast of Louisiana, Saket Soni works with guest workers. Arriving in New Orleans in the aftermath of Hurricane Katrina, he saw firsthand the decimation of an entire local economy and the eradication of local control—and he watched, up close, the consequences.

“The logic of the corporate model after Katrina was to create a predatory community that could funnel local people into low-wage work with a revolving door to deportation or prison without creating a single stable job or career path for the most vulnerable,” says Soni.

Guest workers from other countries were brought in on temporary visas with virtually no rights in a labor supply chain that left local workers out. Antagonism between groups grew just as plans for the area’s reconstruction were being decided, and low-income communities suffered as a result. Over time, immigrant and local reconstruction workers organized together, and started demanding of Congress that the labor abuses be stopped. After some of their demands were met and fines were levied by government, some of those same organizations got involved in housing and local development planning too.

“The other side [of the crisis],” Soni says, “was that at the center of the ruin, [a core of resilient people](#), who were in crisis long before the recession, had the vision and relationships to make a set of economic demands and organize to win them.” What holds people back from doing more themselves is need, he adds. The low-wage workers he organizes don’t plan their lives more than a week or two in advance. They’re not allowed to by the economy. “They don’t know their next shift, their next job, even the industry they’ll be working in next week.”

In Soni’s world, the measure of a strong and rooted local economy lies in families and communities’ ability to imagine, and plan for, their future. That affects everything, including organizing, he says.

“No one wants a sustainable future and a shareable economy more than the low-wage workers we organize.”



Katrina aftermath: Signs like these were Found in the New Orleans debris, Especially in the Lower Ninth Ward.
Photo by [Dan Germony](#).



Saket Soni (left), executive director of the National Guestworker Alliance.
Photo courtesy of [Jobs With Justice](#).

You'll be seeing more reports, from Jackson, New Orleans, Pine Ridge, and other frontlines of the "strong local economy" movement right here in [Commonomics](#). And we hope you'll contribute your news and ideas at: www.yesmagazine.org/commonomics.



Laura Flanders wrote this article for [YES! Magazine's Commonomics project](#). Laura is YES! Magazine's 2013 Local Economies Reporting Fellow and is executive producer and founder and host of "[GRITtv with Laura Flanders](#)." Follow her on Twitter [@GRITlaura](#).
