

An Introduction to Localist Movements
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Localist movements are mobilizations to support locally owned, independent organizations. They include for-profit, privately held businesses; cooperatives and credit unions; local nonprofit organizations; community media and community finance; local farms, community gardens, and food businesses; and local public enterprises such as municipal electricity distribution and generation. The boundaries of what is "local" are themselves defined locally, but generally the word refers to a city, metropolitan area, or the equivalent scale for a rural region.

The term "localism" is a social science category used to describe the range of industries and sectors in which there is action to promote the locally owned, independent sector of the economy, but we also sometimes find advocates using the term as well.

In *Localist Movements in a Global Economy*, I treat localism as a broad ideology, that is, as a cultural system in the political and economic fields. From this perspective, localism is distinct from neoliberalism and social liberalism, the two poles of mainstream politics in the United States, but it is also distinct from radical ideologies such as socialism and anarchism. I find localist politics in the U.S. to be closest to the tradition of populism and progressivism, which also supported small businesses and farms in contrast with growing power of large corporations. By focusing the understanding of localism on locally owned, independent enterprises, it is possible to leave open to empirical investigation the question of the extent to which localist politics are linked to environmental sustainability and social fairness goals.

One of the primary drivers of localism today is the movement by small businesses to gain support from customers through “buy local” campaigns. There are many “local first” and independent business associations throughout the United States. They are affiliated nationally by the “American Independent Business Association” and the “Business Alliances for Local Living Economies.” The latter combines the buy local theme with general campaigns to local enterprise development with issues of social fairness and environmental sustainability. Some communities also have anti-big box campaigns, but they are generally distinct organizationally from the buy local groups. Studies have shown that the existence of “buy local” organizations does increase support from consumers (reviewed in Hess, 2009). Likewise, communities that have a strong small business sector tend to benefit in a wide number of ways, such as by having a stronger nonprofit sector, lower crime rates, and even better public health (Tolbert 2005, Tolbert et al. 2002).

Although “buy local” campaigns and support for enterprise development are consistent with the displacement of state-oriented politics with market logics, I argue that localist politics cannot be reduced to neoliberal political ideology. Many of the campaigns are also oriented toward state and local government policy reform. For example, they draw attention to zoning regulations, development packages for corporate retail, purchasing preferences, and other policy issues. Likewise, programs especially in the nonprofit sector that develop community finance, community media, and urban business development are often continuous with the social liberal tradition of redistributive programs aimed at support for low-income neighborhoods. The Business Alliance for Local Living Economies and Slow Food movement explicitly link the development of local, independent enterprises with social fairness and environmental sustainability. However, those linkages are not always present, especially among small business member organizations and with umbrella organizations such as the American Independent Business Association. In short, although there are connections with both neoliberalism and

social liberalism, localist politics have a distinctive focus that often cuts across the traditional ideological polarities of the political field.

In a broad perspective, localist movements are also continuous with anti-globalization movements such as Occupy Wall Street. For example, one localist leader, Michael Shuman, responded to the occupy movement by writing a column titled “Don’t Occupy Wall Street, Ditch It” (2011). Although localism is sometimes criticized for being anti-global or focused only on the problems of relatively wealthy communities in wealthy countries, the vision of many leaders is to build an alternative global economy based on small, independent, community enterprises. From this perspective, “buy local” and “support local farms” campaigns can be viewed as the “fair bought” counterpart of the “fair trade” or “fair made” movement.

The aspirations of localist movements are often utopian, and although organizations can point to successes in the policy arena and in changes in consumer preferences, there are strong barriers to the aspiration of building an alternative global economy based on locally-owned and community-oriented enterprises. One of the great problems of localist movements is that investment funds, such as individual retirement accounts, are channeled toward large corporations even though the small business sector is roughly half of the economy. There is a contradiction between individual expenditures, which may become aligned with support for localist organizations, and personal investments, which may be locked into retirement accounts that funnel capital to the very organizations that undermine local businesses. As a result, localist finance is a central for localist politics, because it will determine the extent to which localism remains a niche or has broader historical implications.

One approach consistent with localism in the financial field is the alternative or community currency. As studies of alternative and community currencies have indicated, they vary tremendously in form and goals. For example, scrips issued by businesses and governments are generally developed for economic reasons such as capitalizing investment, often in situations where national currencies are

dysfunctional. In contrast, time-banking programs are closely connected with aspirations of community development and assistance to low-income sectors of the society. The local exchange trading systems of the 1980s originated in response to low employment and the recession, and paper community currencies (such as Ithaca Hours and Berkshares) are often connected with broader localist aspirations such as support for the local business community.

From the perspective of the broad problem of localist movements—finding the finance to enable the movements to provide the investment capital needed to maintain locally owned, independent enterprises as a vital alternative way of organizing the economy—community currencies are one mechanism and might best be considered as one tactic within a general strategy of community-oriented financial reform. For example, “Bank local” campaigns have emerged as a counterpart to campaigns to support local farms and businesses. The campaigns ask individuals and businesses to shift some or all of their banking and savings to community banks, credit unions, community loan funds, and other community finance organizations. Some of the microfinance and peer-to-peer lending sites have opened up a more direct pathway that connects the needs of small businesses and community enterprises with lenders. Both bank local campaigns and peer-to-peer lending offer the promise of diverting large sums of private savings toward locally owned, independent organizations.

However, the community finance field as it currently stands is highly limited to debt financing, which offer relatively low rates of risk and return for investors. The heavy regulation of equity investment has limited the options for small investors to support the capital needs of small businesses. The Jumpstart Our Business Startups (JOBS) Act of 2012 has removed some of the restrictions to direct equity investment by small investors, and it provides one example of the kind of reform that is needed in order to open up the equity side of small business investment. The law has a crowdfunding provision that allows small investors to purchase up to \$10,000 in equity, and it reduces other regulatory hurdles.

In summary, of all the different fields in which localist movements are active—food, retail, media, energy, transportation, health, and finance—the developments in the financial field are of paramount importance, because they determine the capacity for localist aspirations to scale up and to escape from a niche of middle-class progressivism and low-income enterprise development. Community currencies have a role to play in the localization of the financial field, not only because they educate people about localism but also because they can be set up to channel a portion of the revenue into a loan fund. For example, the Berkshares currency is set up to develop a loan fund for local businesses. The crowdfunding provisions of the 2012 JOBS Act may also create new opportunities for innovations with community currency models. The broader perspective of localism can therefore be of some value in helping us to think through design choices for community currency systems and the connections of those systems with the family of reform movements of which they are a part.

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