The International Conference on the Economics of Happiness 2015 Jeonju

행복의 경제학 국제회의 2015 전주

사람, 경제 그리고 지역화
Human, Economy and Localization

2015. 9.4. (금) - 9.5. (토) 한국전통문화전당
4-5th, September, 2015 KOREA TRADITIONAL CULTURE CENTER

주최
Local Futures (국제생태문화협회)

주관
행복의 경제학 국제회의 조직위원회

후원
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CONTENTS

- Event Synopsis ................................................................. 164
- Program ............................................................................. 164
- Important Personnel .......................................................... 165
- Conference Organizing Committee ................................. 169
- Case Presenter ................................................................. 170
- Vision Statement ............................................................... 172

CHAPTER 01 - OPENING SESSION
- Oh Chang-Hwan Chairman of the Organizing Committee ........ 177
- Kim Seung-su Mayor of Jeonju ........................................... 179
- Park Hyun-gyu Chairman, Jeonju City Council .................... 181
- Kim young-bae President, Association of Korea Local Governments for Social Economy and Solidarity ...................... 182

CHAPTER 02 - GREETINGS
- Helena Norberg-Hodge ..................................................... 187
- Judy Wicks ........................................................................ 188
- Janelle Orsi ....................................................................... 189
- Neil McInroy ..................................................................... 190

CHAPTER 03 - KEYNOTE SPEECH
- Welcome to the New Paradigm / Helena Norberg-Hodge ........ 193
### CHPATER 04 - PLENARY 1
- The Downshift towards Slow, Small, Simple / Keibo Oiwa ............ 211
- Beautiful Business / Judy Wicks ............................................. 220

### CHPATER 05 - PLENARY 2
- Policies For Shareable Cities / Janelle Orsi
  1) Building Resilient Economies at Four Levels ....................... 233
  2) A Sharing Economy Policy Primer For Urban Leaders .......... 243
- Building a thriving local economy / Neil McInroy .................... 281

### CHPATER 06 - WORKSHOP SESSION 1
- Who Will Manage Natural Capital in an Era of Local Extinction / Yusuke Sakata .................................................. 299
- The method of the Buddhist life and the lessons of Korea-Japan exchanges / Jang Ok-hee ........................................ 301
- Local businesses; adjusting the speed / Jung Eun-yeong ............. 304
- The case of the return to the farm and rural life in Sunchang, in which young people gather / Lee Soo-hyeong ............... 307
- The experience of participating in an education program for strengthening residents’ capabilities / Kim Seong-guk ............ 310

### CHPATER 07 - WORKSHOP SESSION 2
- ‘The City of the People, City of Dignity, Aiming Toward Social Economy’ / Lim Kyong-jin ............................................. 315
- Implementing Social Economy in Local Communities / Kim Gi-tae ................................................................. 320
The International Conference on the Economics of Happiness 2015 Jeonju

Event Synopsis

- Date: September 4th(Fri) ~ September 5th(Sat), 2015
- Venues: Korea Traditional Culture Center
- Host/Supervision: Jeonju City, Local Futures/Economics of Happiness Conference Organizing Committee
- Sponsorship: Association of Korea Local Governments for Social Economy and Solidarity, Korean Federation For Environmental Movement, Korea Social Economy Network, Local sustainability alliance of Korea, Research Center for Social Economy, Chonbuk National University, Research institute culture and tourism Jeonju University

Program

<table>
<thead>
<tr>
<th>September 4th(Fri)</th>
<th>September 5th(Sat)</th>
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<tbody>
<tr>
<td>09:00 ~</td>
<td>On-site registration</td>
</tr>
<tr>
<td>09:30 ~ 09:55</td>
<td>Opening Session</td>
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<tr>
<td>09:55 ~ 10:40</td>
<td>Keynote speech</td>
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<tr>
<td>10:40 ~ 10:55</td>
<td>Coffee break</td>
</tr>
<tr>
<td>10:55 ~ 11:50</td>
<td>Plenary 1</td>
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<tr>
<td>11:50 ~ 13:20</td>
<td>Lunch</td>
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<tr>
<td>13:20 ~ 14:40</td>
<td>Plenary 2</td>
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<tr>
<td>14:40 ~ 15:00</td>
<td>Coffee break</td>
</tr>
<tr>
<td>15:00 ~ 18:00</td>
<td>Workshop Session 1</td>
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<tr>
<td>10:00 ~ 10:30</td>
<td>Workshop conclusion</td>
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<tr>
<td>10:30 ~ 11:50</td>
<td>Closing Session</td>
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</tbody>
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Workshop Session 1
- Chaired by Prof. Heo Moon-kyoung
- · Helena Norberg-Hodge
- · Keibo Oiwa
- · Haehn Han-hee
- · Yusuke Sakata
- · Neil McInroy
- · Janelle Orsi
- · Judy Wicks
- · Lim Kyong-jin
- · Kim Gi-tae

Workshop Session 2
- Chaired by Prof. Eom Young-sook
- · Jang Ok-hee
- · Jung Eun-yeong
- · Lee Soo-hyeong
- · Kim Seong-guk
- · Yoo Nam-hee
- · Sim Jae-gyun
- · Lee Hyun-min
- · Lee Eun-ae

Closing Session
- · Envisioning the future / Helena Norberg-Hodge
- · Declaration of Jeonju
Important Personnel

(Australia) Helena Norberg-Hodge is the founder and director of the International Society for Ecology and Culture (ISEC). She is the author of the bestselling Ancient Futures: Learning from Ladakh and producer of the film, The Economics of Happiness. She is a pioneer of the worldwide localisation movement and a recipient of the Right Livelihood Award and the 2012 Goi Peace Award.

www.localfutures.org

(Japan) Keibo Oiwa is a cultural anthropologist, environmentalist and professor of International Studies at Meiji Gakuin Univeristy. He is founder of the Sloth Club, Japan’s leading ‘Slow Life’ environmental group. His books include Slow Is Beautiful and The Japan We Never Knew: A Journey of Discovery (co-authored with David Suzuki).

www.sloth.gr.jp/tsuji/

(United Kingdom) Neil Mclnroy has featured in Local Government Chronicle’s annual top 50 most influential people in local government. He is chair of the Greater Manchester Poverty Action Group. He is also an Honorary Fellow at the University Of Manchester. Neil became chief executive of CLES in 2003.

www.cles.org.uk

(United States) Judy Wicks is founder of White Dog Cafée and an international leader and speaker in the local living economies movement. Judy is co-founder of the nationwide Business Alliance for Local Living Economies (BALLE). She also founded the Sustainable Business Network of Greater Philadelphia and Fair Food.

www.livingeconomies.org

(United States) Janelle Orsi is a lawyer, advocate, writer, and cartoonist focused on cooperatives, the sharing economy, urban agriculture, shared housing, local currencies, and community-supported enterprise. She is Co-Founder and Executive Director of the Sustainable Economies Law Center and author of Practicing Law in the Sharing Economy.

www.janelleorsi.com
Kim Seung-su is the sixth Mayor of the city of Jeonju. Under the slogan “City of Humanity, Jeonju of Dignity”, Mayor Kim has worked to shift the city’s paradigm from an earlier focus on growth and development to the citizens and their needs. Mayor Kim is committed to turning Jeonju into a city renowned for its culture and the arts, where its people are entitled to their welfare benefits and society’s most vulnerable members never go ignored. His past accomplishments include serving as the head of the External Cooperation Bureau(2007) for Jeollabuk-do and the Vice-Governor for Political Affairs, Jeollabuk-do(2011).

Park Hyun Gyu is a four-time Member of the Jeonju City Council and current Chairman of the Council. Park has dedicated his youth to the development of local government autonomy, which he believes is the source of grassroots democracy. Park prioritizes communication with his constituents and is committed to the will of the people, and has been at the forefront of solving local challenges and conflict. In particular, he has become a leader in local politics with his broad insight into the future direction of Jeonju, a grand vision for the city, and mid-to-long-term values. Park serves as head of many local bodies, and is currently the Chairman of the 10th Jeonju City Council as well as the head of the Jeonju Hyoja Senior Club Steering Committee. Even today, Park continues to pay close attention to the voice of the people, works to establish a city assembly that is loved by its citizens and aims at creating a city that brings happiness to everyone in Jeonju.

President Kim Young-bae of the Association of Korea Local Governments for Social Economy and Solidarity was formerly a Secretary for the Presidential Commission on Policy Planning, and is currently the mayor of Seongbuk-gu Office. Under its slogan “Where the People Are Its Hope,” Seongbuk-gu has implemented a new paradigm for its policies, including promoting social economy and town democracy. These efforts are aimed at making the city a better place for its citizens. Furthermore, Kim has contributed to the launch of the Association of Korea Local Governments for Social Economy and Solidarity by serving as its Director-General, and is currently the President of this same organization. He is dedicated to encouraging the heads of local governments to cooperate in solidarity through social economy.

Cultural anthropology professor is now working in Chonbuk National University. Prof. Hahm has been involved in several research projects including collections of people’s life history in the area of Seamangeum and traditional knowledge of villagers in Korea. Her recent academic contribution is shown on the editorship of the book, Incomplete Report on Saemangeum Development Project and Fishermen. She earned her Ph.D. and M.A. in the Department of Anthropology, Columbia University and is currently Director of Research Institute of Intangible Cultural Heritage and Vice-president of Intangible Heritage Association.
## Important Personnel

### Hong Jong-ho

Professor at the Graduate School of Environmental Studies, Seoul National University. His teaching and research are focused on environmental economics and sustainable economy and policy. After receiving his Ph. D. at Cornell University, he held positions at Korea Development Institute and Hanyang University. He currently serves as the president of Korea Environmental Economics Association, the vice-president of East Asian Association of Environmental and Resource Economics, members of the board of directors at Korea Social Investment and Citizens’ Movement for Environmental Justice, and a policy advisor at Korea Chamber of Commerce and Industry.

### Eom Young-sook

After receiving her doctorate in environmental economics at North Carolina State University, Eom Young-sook was named professor of economics at Chonbuk National University. She has served as the chair of the Korea Environmental Economics Association, and is currently a director at the East Asian Association for Environmental and Resource Economics and co-editor of an international journal on environmental studies. In so doing, Eom has stayed committed to furthering exchange among environmental economists for sustainable development both in Korea and in Asia. She has done research on assessing the intangible and non-market values of various public policies and projects carried out to preserve the amenity of the ecosystem and cultural assets and improve the quality of the environment. Her interest lies in understanding and evaluating the impact that social economic activities rooted in the resources and assets of local communities has on the local circular economy.

### Kwak Dong-heui

He is a professor of Environmental Engineering at the Seonam University since 1996. As social service activities, he contributed to the establishment of the Council and Resolution on Environment Preservation through Jeonbuk Agenda 21 in the early 2000s. Recently, he is serving as the operation director of Jeonju Agenda 21, the chairman of Water Culture Organization of Okjeong Lake and a director of Jeonbuk River Conservation Association. As research and academic activities, he is listed annually in Marquis Who’s Who in the World since 2009 and focusing on the local problems of water pollution. He is currently writing a water encyclopedia.

### Kim Gi-tae

President of Corea Cooperative Institute, a corporation aggregate for practical research of Korea cooperative and support cooperative activist. He did peasant movement ten years ago. then He has worked in consulting firm that provides special services to agricultural cooperative, rural government for ten years. He has actively engaged in establishing ‘general law on co-operative’. It is very important to fast diffusion of cooperative sector in Korea.
### Important Personnel

**Yoo Nam-hee**

After receiving his doctorate in agricultural science at Chonbuk National University, Yoo Nam-hee began working as head of research at Syngenta Korea, after which he started his own businesses, PlantNet and TS Pharm. Beginning in 2010, he has contributed to furthering the social economic cause and has served as the Director of the Jeollabuk-do Social Enterprise Integration Support Center. Currently, he is Co-President of the Jeonbuk Cooperative Social Economy Council and Chairman of the Jeonbuk Social Economy Forum, which runs an organization offering comprehensive support to social enterprises and cooperatives. Yoo plays an important role in engaging in and establishing private-public governance for social economy together with the civil society, by serving as the head of the Jeonbuk KFEM Finance Committee and Chairman of Jeonju’s Social Economy Action Committee. Currently, he is the deputy director of Chonbuk National University’s R&DB Foundation where he has also been named professor, and is also the director of the Research Center for Social Economy for the same university.

**Sim Jae-gyun**

After starting a career in community work by establishing a local community called Hanuri Community in 1994, Sim Jae-gyun served as the first Deputy Director-General of the Jeonbuk KFEM and is currently the Chairman of Jeonju Social Enterprise Promotion, the President of Social Enterprise ‘Kkokdu’, the CEO of ‘DaeHan Edu-Farm’, and a member of the Social Economy Action Committee. Sim is promoting various businesses and activities for solidarity and cooperation within the social community, in an effort to pursue sustainable growth. Sim is committed to promoting social enterprises that can benefit other social enterprises at large.

**Lee Eun-ae**

Seoul Social Economy Center / Managing Director. Confronted with the 1997 Asian financial crisis, she concentrated herself on ‘Creating Alternative Works for the Jobless and Women without Family through Social Economy’, thus pioneering in establishment of ‘Social Enterprise Finance’, ‘Social Enterprise Business School’ and ‘Conglomerate’s CSR and Partnership’ at Work Together Foundation which is the main backup institution in Korea. In 2010, she established SEED:S corporation, encouraging the youth to become the main agents of local social innovation through social economy. She also participated in the works of Presidential Committee on Social Inclusion as an expert adviser and in TFT of Social Enterprise Promotion Act pushing forward with policy suggestions. Since the beginning of the year 2013, she has been in charge of the role of supporting inclusively the social economy institutions and policies of Seoul.
After leaving his job in Seoul in the early 30s, he became a farmer in Jeongeup in 2002. His community outreaching efforts started with the participation in the Jangsu Recycling Agriculture Pilot project in 2003. The project helped create Jangsu Hanulso Village, a village for new farmers. Since then, he has been actively engaged in local community activities. After serving as the Director of the Jeollabuk-do Community Building Support Center and the co-President of the Korea Association of Community Building Support Center, he is serving as the Director of Social Economy and Urban Regeneration Support Center in Jeonju.
Sustainability is an important keyword in my research. I evaluate sustainability of local polices such as the forest management, waste management, fair trade and climate change using economics foundation. Sustainable management of forest are growing concern in the world. While urbanization draws local population to cities, villages in the mountain face severe population loss. My research focuses on the sustainable forest management including local life, based on the Payment for Ecological Services.

Having served as the Secretary-General of the Korea-Japan Exchanges Association in Jinan-gun and in the Peace Foundation, Korea Join Together Society, and International Department of the Jungto Society, Jang found home in Jinan-gun, Jeollabuk-do in 2013 and has been serving as the coordinator for international exchanges and agricultural trainings between Jinan and Aya Town, Miyazaki Prefecture (Japan). Having published various books including Repentance of Invading the Joseon Dynasty and Korean Buddhism, Jang will present a case that compares Jinan and Japan.

As the President of the ‘Namhae bomnal’, Jung operates a publishing company called Namhae Bomnal and a bookstore called Spring House in Tongyeong. In 2013, Jung was honored with the Grand Prize in the field of editing in the Korean Publication Culture Awards. Jung is also operating the Local Storytelling Business program that helps small local companies as well as artists. Jung will present locally-sustainable business strategies and ways of life.

As an activist of the National Back-to-the-Farm Movement Headquarters, Lee is contracted-out to operate the Return to the Farm and Rural Support Center for Sunchang-gun as its Director as well as the Director of the Post-10 Year Sunchang Foundation. Lee is helping young people settle in Sunchang as new farmers through on-site customized educational programs and striving for creating agricultural communities where people enjoy quality of living together. Lee will present Korean back-to-the-farm policies and cases by combining perspectives from central government, local government, middling support organizations, and local residents.

Having served as the Director of the Ondure Community Project and Village Community Angel Association in Jeonju as well as the Chairperson of the Residents’ Self-governing Committee of Nosong-dong, Kim is serving local communities as the Chairman of the Make the Town Council of Nosong-dong and Steering Committee of the Seonghye Welfare Foundation, and as the Co-Chairman of the community newspaper Cheonsadong, making significant contributions to local communities. He will present a case of operating local participation system and its possibilities.
Vision Statement

The Vision Statement of the International Conference on the Economics of Happiness 2015 Jeonju

Progress of material civilization has delivered materialistic prosperity for all humankind, bringing with it various benefits and conveniences to better our lives. However, such progress on the other hand has taken away many precious values from us, e.g., values of ecology, environment, peace, service, sharing, sacrifice, neighborliness and community.

The economic crisis is now fast sweeping across the globe, triggered by blind faith in commercial capitalism and the structurally supporting forces of globalization.

Confronted with such challenges, the world is now turning to other alternative and sustainable approaches to development, rightfully focusing on the value system and mode of life advocated by The Economics of Happiness as the alternative way for solving problems.

Helena Norberg-Hodge, in her truly inspiring book Ancient Futures: Learning from Ladakh, pointedly raised awareness of the crisis in which the economic model of an industrialized society undermines indigenous value system.

Norberg-Hodge proposes The Economics of Happiness - a compilation of her life-long stories of action - as a fundamental and comprehensive option to mercantilism and globalization, while emphasizing economic localization based on restoring community spirit as a means of implementation.

Without doubt, localization of economy will only be realized when the economic system built on localities becomes systematically viable per se, to serve as a key driver for local economic policies in the future.

In this vein, the essential values that the sixth elected Jeonju City administration envisages - Realizing People-Centric Eco City and Facilitating Social Economy - are closely aligned with the goals and vision that the economics of happiness pursues.

Local Futures (ISEC), an international organization for localization movements in which Helena Norberg-Hodge participates, took the initiative in organizing series of international Economics of Happiness conferences thus far - from Berkeley, US in March 2012, Byron Bay, Australia in March
Norberg-Hodge stressed to say that she was “watching how endeavors towards localization are gaining increasing momentum in Korea and that sharing lessons learned and plans through international exchanges is very important for the coming future.”

Against this backdrop, Local Futures(ISEC) and Jeonju City have come to co-host the International Conference on the Economics of Happiness in Jeonju, the traditional cultural hub of Korea, September 3-5, 2015.

The International Conference on the Economics of Happiness 2015 Jeonju will bring together a number of renowned speakers around the world for presentations and workshops. The list of participants will include Keibo Oiwa of Japan, well-known to Koreans as a pioneer of slow life movement along with Helena Norberg-Hodge herself, Judy Wicks, who has charted new business territories and mobilized the entire America towards the agenda for local economy and environment, Janelle Orsi, an attorney specializing in various areas of social economy including the sharing economy and Neil McInroy, CEO for the Centre for Local Economics Strategies in UK.

In addition, the Conference will be further invigorated by broad participation of scholars in culture, environment and economy and activists from social enterprises, cooperatives and community groups from Korea and they will engage in-depth discussions to promote solidarity and cooperation.

Moreover, Association of Korean Local Governments for Social Economy and Solidarity, Korea Social Economy Network and Korean Federation for Environmental Movement will join in the effort to enrich the conference even further, while Jeonju City will be hosting side events for integrating social economy at the same venue during this period.

I ask for your active participation in the International Conference on the Economics of Happiness 2015 Jeonju. Let us come together to build a future of happiness for all.

Thank you.

September 2015

The Organizing Committee for the International Conference on the Economics of Happiness 2015 Jeonju
CHAPTER 01

Opening Session

- **Oh Chang-hwan**, Chairman of the Organizing Committee
- **Kim Seung-su**, Mayor of Jeonju
- **Park Hyun-gyu**, Chairman, Jeonju City Council
- **Kim young-bae**, President, Association of Korea Local Governments for Social Economy and Solidarity
I want to thank Korean and international speakers as well as participants for attending the 6th International Conference on the Economics of Happiness hosted in Jeonju and welcome all of you to Jeonju.

Many officials interested in the economics of happiness will discuss and present for two days, and the results of those discussions and presentations will be expressed as the Jeonju Declaration. I firmly believe that these will help us take a step forward for the economics of happiness in the world.

Especially, this event is the first International Conference on the Economics of Happiness that the Local Futures is co-hosting with a local government. Thus, through this event, I hope that we will prepare for ways to apply the economics of happiness to local governance and spread them to communities around the world.

Additionally, the event is particularly meaningful as it is hosted in the same venue and period as 「2015 Jeonju social economy festival」 organized by the Social Economy Group. Through the common hosting, I hope that the conference will also benefit social economic areas in Korea.

All of us work hard to obtain happiness. But many of us forget happiness through pursuit of the wrong kind of happiness. This trend has intensified recently with the development of materialistic civilization.

To buy unneeded things, eat too much food to harm our health, and enjoy cultural facilities that aid in sedentary living and threaten our health, we are forced to make money in endless competition.

In extreme competitions, even winners are stressed out and losers are becoming economic dropouts. Our humanity has been destroyed and we are becoming more distant from our own happiness. At the same time, environmental destruction is intensifying to meet increasing demands and this is threatening all of life including humanity. Underdeveloped countries are already suffering from...
famine and economic failure, and numerous creatures, including polar bears, are disappearing into distant memory. These crises will no doubt spread to both developing and developed countries. Several scholars are already predicting mass extinction of creatures in the near future.

Excessive spending resulting from purchasing unneeded goods and services leads to diminishing numbers of the middle class and capitals are being concentrated in the hands of a few companies and wealthy persons. This trend goes beyond national borders and personal bankruptcy, expanding to national collapses such as the recent Greece case and farmers and fishermen of Somalia being forced to become pirates. Under the pressures of endless domestic and international competitions, farmers, fishermen, and workers of numerous countries are suffering economically and the global economy is collapsing as well.

It is true that the money we have paid for happiness has boosted our happiness to some degree. But we are at the point where money we pay no longer leads to more happiness. We are here together to solve these problems and share the common hope that we can find the solution. As participants, including Director Helena Norberg-Hodge, have argued, we must create an economic system of happiness based on the society with mutual help, tolerance, and sharing and, through it, we can create a society where we can pursue happiness with our humanity restored.

The mayor of Jeonju and many officials and organizations of Jeonju have been preparing for this event and this will help make Jeonju a focal point of the economics of happiness. I also hope that the event will help attract global attention to an economic system of happiness and offer an occasion for both people and local governments to make more concerted efforts in that regard.

Lastly, I want to thank Director Helena Norberg-Hodge, officials of the Local Future, and the mayor of Jeonju for making this event possible. I also want to thank officials of Jeonju and many experts for hosting over 20 meetings to prepare for this event as well as many organizations for supporting and sponsoring it.

Thank you very much.
Welcoming Speech

Hello, everyone!
I am Kim Seung-su, the mayor of Jeonju.

I am delighted to see the opening of 「The International Conference on the Economics of Happiness 2015 Jeonju」 with the presence of outstanding international activists, including Director Helena Norberg-Hodge who has internationally promoted harmony of human and nature and sustainable development, as well as Keibo Oiwa, Neil McInroy, Janelle Orsi, and Judy Wicks.

I would like to sincerely welcome and express my pleasure in meeting Korean and international experts in social economy and activists for participating in this conference to discuss the social values that we must protect through the premise of the economics of happiness.

The international conference which is held in Jeonju(City of Humanity, Jeonju of Dignity) will offer us an opportunity to confirm possibility of a happy future through localized economy, social economy as well as service as a vehicle of exchanges and unity for social economists pursuing common values.

Nowadays, free market economy is facing a serious crisis. Since the free market economy has been leading the rapid economic growth, it has made our lives richer and more convenient. But on the flip side, it has also caused many social problems.
Most countries experiencing rapid economic growth has been suffering from diverse problems including an extreme economic divide, social conflicts, and destruction of communities and the ecosystem. Expansion of global companies has been led us to an age of endless competition and worsened social imbalances.
Ladies and gentlemen, we need to face the real problems now and deal with them with audacious changes to make our society warmer and healthier.

The reason some countries have been paying attention to social, localized economy in recent years is because of their desire to overcome these challenges together.

Social economy and localization focus on solving social problems and establishing a sustainable economic ecosystem based on trust, cooperation, reciprocity, and solidarity. They also focus on universal validity of production and consumption through restoration of communities and revitalization of a humane, local economy.

The realm of social economy has also continued to expand in Korea, but shifting its peripheral status to a mainstream economic area not only requires nationwide policy efforts but also active interest and participation of citizens across the country. Additionally, we need to work together to establish global solidary of social economy, which people around the world can emphasize and join. It is truly meaningful that the efforts for such solidarity start here in this conference and in Jeonju.

Jeonju city considers “humanity, ecology, and culture” as its core values. Our city emphasizes harmonious growth of humans and nature, and we also emphasize creation of warm and shared communities with valuable growth despite of small communities.

It is my pleasure to all of you who work together to come up with what is the true choice for happiness of all. Lastly, I hope that the values of the economics of happiness for a shared society will be deeply rooted in the lives of citizens.

Thank you very much.
Today is a special day for all of us to see the hosting of the International Conference on the Economics of Happiness 2015 Jeonju. I want to sincerely welcome all of you who have made the long distance trip to Jeonju.

I want to thank many officials for preparing for this event to share visions of economic happiness for shared communities beyond competitions and polarization. It’s a great honor for Jeonju to host the event as the first non-English speaking city and the first event hosted with a government.

The world is increasingly becoming materialistic and many people are pursuing economy for desire, not economy for co-existence.

In this circumstance, the rich get richer and the poor get poorer. Many people are living with relative deprivation and suffering from alienation, poverty, and loneliness. A wealthy economy does not ensure happiness for everyone. Economy should not be used for desire of the few.

From a communal perspective, we need many efforts to create an economy of sharing and happiness. We must continue to do research to come up with specific ideas as well as social support and legal frameworks for that cause.

Jeonju has been pursuing the vision of creating an ecological city with social economy. I believe that today’s event is meaningful not just for the city but also for the country as a whole.

Once again, I want to congratulate all of you on hosting the conference and urge you to gather your wisdom and interest for the benefit of all.

Thank you very much.
I want to sincerely congratulate you on hosting the International Conference on the Economics of Happiness 2015 Jeonju for a shared community beyond competitions and polarization.

Hello, everyone!

I am Mayor Kim Young-bae of Seongbuk-gu, Seoul and the President of the Association of Korea Local Governments for Social Economy and Solidarity.

I want to sincerely congratulate you on hosting the International Conference on the Economics of Happiness 2015 Jeonju for making a happy society for everyone. I want to thank officials of Jeonju including Mayor KIM SEUNG-SU and of the Conference Organizing Committee as well as Jeonju citizens for preparing for this magnificent event.

Around the world, we have been witnessing the decline of the era emphasizing competitions and efficiency. Rather, new paradigms focusing on mutual growth, co-existence, cooperation, and sustainability have been emerging as major principles of social operation. Still, the shadow of the past is deep and the path to the future does not look clear yet.

We need new directions and indicators in the pursuit of a humane society and society with community spirit unlike those that have governed us in the past.

As we need new perspectives for the future, I think it is very meaningful and fortunate for us to have this event in which we can discuss ways for the Happy Society, particularly in Jeonju, a city of culture and ecology. I have no doubt that this international conference will lay important foundations for us to plan the path to the happy future through common efforts.
In particular, it’s a great honor for us to enjoy the presence of Director Helena Norberg-Hodge of the International Society for Ecology and Culture who has conveyed the importance of true values and meanings of life and communal togetherness through the Ancient Future and Economics of Happiness to people around the world.

Valuable opinions of Korean and international experts as key speakers will also contribute to setting common goals for all and implementing them. Visions prepared in Jeonju will surely serve as a compass to give us direction to our bright future.

Preparing for a bright future and achieving a happy economy are only possible when we work together. The Local Government Association for Social Economy will also make additional efforts for a happy, healthy, and sustainable society. Once again, I want to congratulate all of you on the hosting of the International Conference on the Economics of Happiness 2015 Jeonju, and I wish all of you nothing but the best and happiness for many years to come.

Thank you very much.
CHAPTER 02

Greetings

- Helena Norberg-Hodge
- Judy Wicks
- Janelle Orsi
- Neil McInroy
Greetings

I am delighted to be co-hosting the Economics of Happiness Conference in Jeonju. On my visit there, I was extremely impressed with what I saw happening in the area. It was clear that there is a great pride in the local culture and an awareness of the importance of moving away from the global consumer monoculture.

My work around the world over the last forty years has been focused on helping communities resist the destructive pressures of the global economy and create and strengthen local alternatives. Thriving local economies provide the foundation for healthy communities and sustainable ways of living.

In this way, economic localization is a real solution multiplier—it helps us create more meaningful jobs, more heartfelt connections between people, and enables us to live more lightly on the earth. Because localization has such benefits for our psychological wellbeing, it truly is the economics of happiness.

For this conference, we are so pleased to be collaborating with the mayor and the rest of the local government. Their interest in developing a truly sustainable development path is an inspiration. I look forward to sharing insights and experiences with them and the people of Jeonju.
In a world that is increasingly controlled by large corporations, my hope is that the citizens of Jeonju will build a local economy that produces basic needs for its people though local business ownership. In this way, the wealth of the community will grow, rather than be drained out to enrich distant corporations.

Excess local production and unique products produced by Jeonju businesses can be exported to other communities, while products not available in Jeonju can be imported from the businesses of other regions through fair trade exchange that provides a living wage for workers at the place of origin.

As all the Earth’s people face the historic challenge of climate change and environmental decline, may Jeonju protect its natural environment and become a place powered by renewable energy, where people are feed primarily by locally-based organic and sustainable agriculture with an abundant supply of clean water, and housed in buildings made primarily from healthy materials that have been locally and sustainably produced. In this way Jeonju will help reduce the burning of carbons and reliance on long-distance shipping, while developing local self-reliance that will protect its people in this changing and uncertain world.

While many places around the globe have lost their identity through corporate monoculture, Jeonju can be a place nourished by a rich local culture that remembers its history and supports it creative class to express itself through the arts and innovative local businesses. Jeonju can always be a place where its citizens enjoy community life and others visit to experience a unique and vibrant local culture.

Rather than measuring success by the volume of material possessions, the citizens of Jeonju can measure their success by their ability to meet the needs of all it’s people and by the vitality of their local eco-system and the vibrancy and joy of their community.
Greetings, city of Jeonju!

Thank you so much for inviting me to visit!

I look forward to meeting everyone and learning about your work in building local and sustainable economies. My particular interests include housing cooperatives, food cooperatives, worker-owned cooperatives, and other democratic ownership structures for land, housing, food, energy, and enterprises. I believe it is very important for communities to control the resources that they rely on to survive and thrive. I look forward to learning about what local economy initiatives are thriving in Jeonju and what challenges you have faced.

I am also a lawyer, and look forward to learning about the South Korean legal system and about policies in the city of Jeonju. Land use laws, securities laws, health & safety laws, employment laws, tax laws, and entity structure laws are particularly relevant in building more localized economies. I would be interested to learn about ways that the law acts as a barrier to your local and social enterprises, and also hope to learn about how local laws and policies are helping to bring about change.

Every time I visit another country, I learn so much about how the law plays a role in shaping our economic systems. I hope to share my insights from the United States and from lessons I have learned elsewhere in the world.
In a globalised world, we are all on journey in which we are making our local places distinctive, so they reflect our individual hopes, community needs, and shared aspirations. I will be fascinated to learn about the specifics of your own journey in Jeonju, and how you are creating networks of local economic activity that are independent, virtuous and self-sustaining.

Places are about people and the best places allow people to meet, mingle and connect. A key part of this connection is to make sure that there is a sophisticated network of relationships between citizens, communities, government and business.

Of course the organisation of great cities takes planning and many policies. However, to enhance local social life these policies must be coproduced by citizens so they are deeply sensitive to local needs, wants and desires. I will be fascinated to learn how these elements network, blend and fuse in Jeonju.

I have read that Jeonju, is a city with a strong identity and history, I will be deeply interested in how this past is reflected in and strengthens modern life. For me cities which are in touch with their history, have an identity ‘glue’ which helps to create a local bond. This means that all walks of life, be it government, or business or communities have a common point of reference which enable networks of strength to build.
CHAPTER 03

Keynote Speech

- Welcome to the New Paradigm / Helena Norberg-Hodge
Welcome to the New Paradigm
: An Economics of Happiness... and Survival

Helena Norberg-Hodge

For most of human history our survival has depended on intimate and enduring bonds of interdependence with one another and with the Earth. We evolved in tight-knit communities with a deep connection to plants, animals and surrounding landscapes. But today, blinded by an econometric worldview that has distanced us from each other and from nature, we seem to have lost our way. A fear-based economy has emerged, fuelled by unexamined assumptions about human nature and about the natural world. As a consequence, we are not only less and less contented, we are also witnessing unprecedented ecological, social and economic breakdown.

The realisation is growing that we need fundamental change. But in order to turn away from the destructive path we’re on, it’s essential that we look closely at the root cause of our social and environmental problems: a global economy that systematically separates us from one another and from nature. With an understanding of this bigger picture, we can also begin to discern the shape of a solution – one that involves shifting direction towards human-scale, earth-friendly, and place-based, localised economies.

The Globalised Economy

The economy has become the global behemoth it is today through a planned process of deregulating trade and finance. The problem is not trade or commerce themselves, but rather how they contribute to the scale and power of global corporations and banks. This, in turn, has a whole range of ramifications for communities, the environment, our financial security, and even our psychological wellbeing.

So-called ‘free trade’ treaties and other international agreements typically favour big business, giving multinational corporations the freedom to locate their operations wherever they find the best ‘investment climate’ – meaning the lowest wages and the weakest employment and environmental controls. The result is that while profits are booming for a small elite, governments are competing to...
reduce wages and labour standards for everyone else.

Because of international trade treaties signed and ratified over the last several decades, most nations are now bound up in agreements that force them to acquiesce to the demands of big corporations and banks. Many treaties include ‘investor-state dispute settlement’ clauses, which grant private corporations the right to sue governments if they believe that domestic regulations will result in decreased profits. Swedish energy company Vattenfall sued Germany for 4.7 billion Euros because they phased out nuclear power after Fukushima. Tobacco giant Phillip Morris has also engaged in such a suit against the Australian government, which had required a health warning on cigarette packaging.

While smaller companies operating within the national arena continue to pay taxes, multinationals can shift their assets and profits to another country to avoid taxation. As a consequence, revenue is lost and the power of government is eroded. In this system, jobs have become increasingly temporary and insecure. Across the industrialised world, real wages for those who have jobs are falling, and many workers need multiple jobs just to make ends meet. In the South, workers are becoming increasingly dependent upon large foreign corporations for employment. As local and even national economies collapse, they eventually lose all other options – and can then be forced to accept poorer wages and worse working conditions.

When we think of corporate-controlled trade, what often comes to mind are sweatshops, overfishing, or the vast monocultures of thirsty export crops spreading across Africa. But, these days, the major product on global markets is not something you can clothe or feed yourself with – it is money. Every day of the year, trillions of dollars are gambled on international currency markets. The instability of this system became heart-wrenchingly clear during the 2008 global financial crisis, in which many people lost their jobs and their homes, and entire national economies were plunged into crippling debt.

As the failings of the global economy become more evident, our political leaders have offered only more of the same – in other words, more economic growth through ‘free trade.’ They still believe that the liberalisation of trade and finance will create employment and raise the standard of living in rich and poor nations alike; they still believe that increasing their country’s international competitiveness
is the way forward. So governments continue to offer huge incentives to lure big businesses, or to keep them from relocating elsewhere. At the same time, companies have to continually merge with or acquire competitors in order to remain profitable, with the result that most large corporations are effectively monopolies; some are larger and more powerful than nation-states.

In environmental terms, the global economy is simply unsustainable. The current global economy is based on endless growth and this depends on ever increasing consumption – a physical impossibility on a finite planet. Over-consumption and the accompanying waste have already pushed many ecosystems to the brink, undermining our own life support systems. Countless species are under threat or have already gone extinct as the economy gobbles up and degrades habitats (Figure 1). At the most basic level, economic growth requires more long-distance trade, which inevitably means more transport, and that means more pollution. Climate change has emerged as one of the most pressing crises of our time and requires a drastic reduction in greenhouse gases; meanwhile globalisation, is demanding the use of ever-larger quantities of fossil fuels.

Most developing countries could provide energy from renewable sources for a fraction of the ecological, cultural and economic cost of fossil fuels. However, international development generally follows the globalised model, focusing on producing monocropped food, raw materials and manufactured goods for export. Land, mineral and timber rights are sold to foreign corporations at a fraction of their true worth, leading to widespread deforestation and pollution. Foreign aid and investment also promote energy and transport infrastructures based on oil, gas and coal.

One of the most common arguments in support of globalised development is that it will bring investment, and therefore wealth, to the ‘developing’ countries of the global South. But all the indicators suggest the exact opposite. Since 1950, there has been an 11-fold increase in world trade, yet the gap between rich and poor countries continues to grow. Every year, millions of people are pulled off the land by the promise of a job in the modern sector, only to find themselves in vast urban slums, unable to meet even their most basic needs. They lose their sense of culture, identity and self-worth; a breeding ground is created for crime, violence and social unrest. Children, meanwhile, are also pulled into Western-style schools where the curriculum extols the virtues of ‘development’ and ‘progress’, and implicitly denigrates traditional rural life.
As local economies collapse in both North and South, so too does any real sense of community. Globalisation concentrates jobs, as well as and cultural and political activity in a few megacities. Transport networks are also geared more and more to linking urban areas, and rarely serve smaller towns and villages. In the North, corporate supermarket chains starve town centres by undercutting local shops, putting many of them out of business. Soon, other key services, like post offices, also disappear. The mutual dependence upon which society is based gives way to increasingly anonymous individualism. Families continue to splinter, leaving more and more people living alone. Children, who increasingly view the world through the distorted lens of television, the internet and advertising, base their ideals on media stars instead of flesh-and-blood role models. Today, even remote villagers are being bombarded with media and advertising images conveying an idealised version of the urban consumer culture. It’s all but impossible for cultural diversity to survive this onslaught.

**Learning from Ladakh**

I saw this process of cultural dissolution with my own eyes nearly forty years ago in Ladakh, or ‘Little Tibet’. In the early 1970s this Himalayan region, previously isolated from the outside world, was suddenly thrown open to development and the global economy. I first went there in 1975 as a linguist to learn the language so I could assist in making a film about this pristine culture. I spoke several languages and had seen a lot of the world, but nothing had prepared me for what I encountered in Ladakh.

High up on the Tibetan plateau, I came to know a people who had never been colonised or ‘developed’, and were still living according to their own values and principles. Despite a harsh and barren environment with extreme temperatures and almost no rainfall, the Ladakhis were prospering materially. Even more importantly, they were also prospering emotionally. I was able to pick up the language quickly, enabling me to experience the culture almost as an insider. Over time, I came to realise that the Ladakhis were the freest, most peaceful and joyous people I had ever met. I also discovered that their happiness translated into a remarkable tolerance -- an acceptance of difference and of adversity.

The culture was so attuned to the needs of people and the environment that – with only the scarce
resources available locally – the Ladakhis managed to attain almost complete self-reliance: they were dependent on the outside world for just salt, tea, and a few metals for cooking utensils and tools. Yet they enjoyed more than mere subsistence. Through adapting their activities to the exigencies of their natural environment and the rhythm of the seasons, the Ladakhis had a remarkably high standard of living: in fact, there was neither poverty nor hunger. Although Ladakhis spent a long time accomplishing each task, they worked at a gentle pace and had a surprising amount of leisure.

The traditional way of life was based upon and continually fostered a deep connection with place, which in turn supported community. Ladakhis were thus raised in an enveloping network of extended family, friends, plants and animals. This profound security, in turn, fostered tolerance and openness toward others. Unfortunately, most people in the West believe that small towns breed small-mindedness, and that big multicultural cities promote understanding and peaceful coexistence. And of course, in a modern context, this is what we experience. In most parts of the world, small towns and rural villages have been marginalised for many generations and their populations disempowered, which in turn brings out some of the worst human characteristics. Feeling that you are backward and less worthy than others fuels both intolerance and an aggressive attempt to prove yourself.

Perhaps the biggest gift Ladakh has given me is the firm conviction that human beings inherently desire love and social harmony. We are shaped by culture to a far greater extent than we often realise, and this influence extends throughout our entire lives. Today a global economy that fosters competition and consumerism is shaping cultures worldwide. In traditional cultures like Ladakh, diametrically opposed, spiritual teachings are a constant reminder of belonging, of our inextricable interdependence with one another and with everything in the cosmos. For centuries his reminder has been ever present in daily affairs, in rituals and in words of wisdom, passed on from the elders to the young ones.

Yet, everything is not as it was when I first arrived. As ‘development’ and consumer pressures got underway, I began to see the same problems we take for granted in the West. Village life itself was radically transformed. Subsidies for imports destroyed the market for local producers, creating a cascade of negative effects. This one shift simultaneously destroyed livelihoods and cultural traditions, undermined cooperation and community, created competition and poverty and severed the connections between people and the land.
Losing their sense of connection and belonging meant a concurrent loss of self-esteem. The young were particularly vulnerable. The previously strong, outgoing women of Ladakh were replaced by a new generation who were unsure of themselves and desperately concerned with their appearance. Young men rushed after the symbols of modernity such as sunglasses, iPods and blue jeans – not because they found those jeans more attractive or comfortable, but because they were symbols of modern life. I have seen Ladakhis wearing wristwatches they cannot read, and heard them apologising for the lack of electric lighting in their homes – the same villagers who laughed at electric lighting as an unnecessary gimmick when it first appeared in 1975. Even traditional foods were no longer a source of pride: when I was guest in the villages, people apologised if they served the traditional roasted barley, ngamphe, instead of instant noodles. These changes eroded Ladakh’s material and cultural richness and, at a fundamental level, were about a loss of self-esteem.

Over the next twenty years I watched Leh, the capital, turn into an urban sprawl. The streets became choked with traffic, and the air tasted of diesel fumes. ‘Housing colonies’ of soulless, cement boxes spread into the dusty desert. The once pristine streams became polluted, the water undrinkable. For the first time, there were homeless people. Within a few years, unemployment and poverty, pollution and friction between different communities appeared – problems that were previously unknown.

Some consequences were deadly. Although the majority of Ladakhis are Buddhist, there is also a significant number of Muslims. For more than 500 years, these two communities lived side by side with no recorded instance of group conflict. They helped each other at harvest time, attended one another’s religious festivals, sometimes even intermarried. But within a decade of the imposition of Western-style ‘development’, Buddhists and Muslims were engaged in pitched battles – including the bombing of each other’s homes. The modern economy had centralised jobs in the capital, creating tremendous competition for employment. Because people felt deeply insecure both economically and psychologically, religious and ethnic differences escalated into group rivalry.

Shortly after witnessing these tragic changes in Ladakh, I was invited to work in Bhutan where I saw nearly the exact same cultural destruction taking place because of imposed development – only this time is was Buddhists and Hindus that were suddenly in conflict. These experiences forced me to recognise the economic and psychological underpinnings of so much of the bloodshed and violence,
isolation and despair that have become commonplace throughout the ‘developing’ world.

These dynamics are not limited to the South, although most industrialised countries went through this process many years before. Yet small pockets remained where local economies thrived. In the 1980s, I spent some time living in rural Spain and was delighted to find that many of the more remote villages were still vibrant and self-reliant. In the years since, however, the majority of these have also been drained of life. As commerce and political power became more and more concentrated, rural livelihoods were undermined and jobs moved into urban areas. Now most of these villages are tourist curiosities and home only to residents old enough to remember when their villages were still lively and resilient.

In Ladakh and elsewhere, these changes were not the result of human nature, but of an inhuman system. What motivates us as human beings is not innate greed, it is the need to be loved and to belong. Looking at the bigger picture in this way is empowering, and is essential to effecting meaningful and lasting change; it can help us to realise that the same economic policies that are breaking down community are destroying our environment. This means we can reject the dominant view, which is that protecting the environment must entail sacrificing quality of life, and that destroying nature for its resources is essential for our wellbeing. As more people become aware of this, there is growing broad-based support – from social as well as environmental movements – for a fundamental, systemic shift in direction.

**From Global to Local**

All around the world, people are beginning to understand that we need to localise, rather than globalise, our economies. In order to create the localised structures that support interdependence and freedom, we need to act on several fronts – in the policy realm and at the grassroots – promoting activities that entail both *resistance* and *renewal*. It is important to note that localisation does not mean that all economic production will happen at a village level, nor does it mean eliminating international trade. It is about ensuring that society determines the rules for trade.
Resistance

Resistance means curtailing corporate power though halting further globalisation of the economy. To do this, we need to inform ourselves and others, to become eco-literate – meaning both ecologically and economically literate. Seeing the bigger picture reveals a whole range of ways in which policy is influenced by global corporate interests—from what we see in the media to the private interest lobbying that happens in every nation’s capital. Here it is important to note that the individuals working in global corporations are generally not conscious of the enormous destructive effects of their activities. As I see it, our major problem is ignorance of the big picture, both at the grassroots, as well as in the corridors of power.

‘Free trade’ agreements are the vehicle whereby global banks and corporations have gained power over our governments and our media (Figure 2). We need to demand that our governments represent the interests of people and the planet, rather than corporate profits, when negotiating and signing these agreements. Currently, there are four major global trade treaties that need to be exposed: the TransPacific Partnership (TPP), the Trade in Services Agreement (TISA), the Comprehensive Economic and Trade Agreement (CETA) and the Trans-Atlantic Trade and Investment Partnership (TTIP). Together they encompass most of the countries of the world, yet the negotiation process is closed to public scrutiny: even elected government representatives are often excluded. More often than not, the representatives around the negotiating table are working on behalf of multinational corporations.

Although the prospects for reversing this dynamic may seem unlikely given the power of global corporations and banks, the first steps might be accomplished by a ‘Breakaway Strategy’, in which grassroots movements succeed in pressuring a small group of nations to forge new trade treaties that allow the use of tariffs to limit the import of goods that could be produced locally. Such protectionism would not be targeted against fellow citizens in other countries; rather, it would be a way of safeguarding jobs and defending local resources against the excessive power of transnational corporations and banks. It would allow societies to determine the rules for business, and prevent governments from being overrun by unaccountable corporations and investors.

There are signs that the tide is turning. Since the historic protests against the WTO in Seattle,
Washington in 1999, there have been demonstrations at nearly every major international trade meeting, from the G8 to the World Economic Forum. Protesters have sometimes numbered in the hundreds of thousands, bringing worldwide attention to a process that had previously been hidden from public view. Just six years before the Seattle demonstrations, NAFTA was pushed through with relatively little resistance. Today, as corporate negotiators try to exert the same control over government policy with the TPP, they are meeting with heavy resistance – not just from concerned citizens, but from elected representatives as well. Because of the public awareness generated through years of citizen campaigns, many lawmakers are feeling the pressure from below and are demanding to know the details – kept secret during the negotiations – before any vote is taken. The atmosphere of resistance has ensured that future trade decisions – which so fundamentally affect the well-being of the planet and its citizens – will not go unexamined.

Renewal

Shifting the economy is not just about resisting the corporate juggernaut; it is also about rebuilding and strengthening local economies. This requires a process whereby strengthening national instead of global businesses is a step in the right direction. At the most basic level, it means reconnecting producers and consumers, particularly in the area of basic needs. And that in turn means renewing connections – to one another, to our communities, to the living world around us. There are already countless grassroots efforts springing up to develop and implement positive alternatives. These movements are showing that localisation has wide-ranging benefits for both people and planet.

For instance, place-based businesses provide meaningful employment and keep money circulating in the local economy (Figure 3). Local business alliances give them a way to connect with each other, share best practice and influence policy-making. Local finance is emerging as an alternative to investing in corporate stocks and the casino market. Credit unions and local banks offer a way to invest in the local community, while local stock retirement funds and stock markets are also being developed.

In education, we are seeing the development of curricula that respect individual students and their cultural roots. More and more schools in the West are incorporating outdoor time into their
schedules, while at some ‘forest schools’, children spend the entire day outside interacting with each other and the natural world. In some parts of the South as well, there is a growing recognition that education shouldn’t mean rejecting cultural traditions.

Community-owned renewable energy projects have sprung up in many locales, enabling local residents to produce their own energy cheaply and sustainably. Other community-based initiatives, like local media outlets – radio, television, art and journals – help reconnect people to each other and learn about their surroundings. In many towns and cities, neighbourhood common spaces are enabling people to gather and socialise, which in turn helps to revitalise community and a sense of belonging. These initiatives demonstrate that there does not have to be a trade-off between ecological and human needs.

At the most practical level, localisation is about shortening the distances between production and consumption, while also encouraging smaller scale and more diversified production – particularly in primary production (farming, forestry, and fisheries). It is crucial that we take a closer look at food since it occupies such a key position, both in our lives and in the economy. Since food is something everyone, everywhere, needs every day, a switch from global to local has a great and immediate impact, socially, economically and environmentally.

While local food is a popular concept these days, it is not a fad, but rather an essential part of a shift towards human-scale economies. In a truly localised economy, food is rightly at the centre, treated differently from a shirt or a mobile phone or any other commodity.

Local food is, simply, food produced for local and regional consumption. For that reason, ‘food miles’ are relatively small, which greatly reduces fossil fuel use and pollution. There are other environmental benefits as well. While global markets demand monocultural production – which systematically eliminates all but the cash crop from the land – local markets give farmers an incentive to diversify, which creates many niches on the farm for wild plant and animal species. Moreover, diversified farms cannot accommodate the heavy machinery used in monocultures, thereby eliminating a major cause of soil erosion. Diversification also lends itself better to organic methods, since crops are far less susceptible to pest infestations.
Local food systems have economic benefits, too, since most of the money spent on food goes to the farmer, not corporate middlemen. Small diversified farms can help reinvigorate entire rural economies, since they employ far more people per acre than large monocultures. Wages paid to farm workers benefit local economies and communities far more than money paid for heavy equipment and the fuel to run it: the latter is almost immediately siphoned off to equipment manufacturers and oil companies, while wages paid to workers are spent locally (Figure 4).

Local food is usually far fresher – and therefore more nutritious – than global food. It also needs fewer preservatives or other additives. Farmers can grow varieties that are best suited to local climate and soils, allowing flavour and nutrition to take precedence over transportability, shelf life and the whims of global markets. Animal husbandry can be integrated with crop production, providing healthier, more humane conditions for animals and a non-chemical source of fertility.

Food security worldwide would increase if people depended more on local foods. Instead of being concentrated in a handful of corporations, control over food would be dispersed and decentralised. If developing countries were encouraged to use their labour and their best agricultural land for local needs rather than growing luxury crops for Northern markets, the rate of endemic hunger could be eliminated.

Studies carried out all over the world show that small-scale, diversified farms have a higher total output per unit of land than large-scale monocultures. Global food is also very costly, though most of those costs do not show up in its supermarket price. Instead, a large portion of what we pay for global food comes out of our taxes – to fund research into pesticides and biotechnology, to subsidise the transport, communications and energy infrastructures the system requires, and to pay for the foreign aid that pulls Third World economies into the destructive global system. We pay in other ways for the environmental costs of global food and we will still be paying for generations to come.

When we buy local food, we can actually pay less because we are not paying for excessive transport, wasteful packaging, advertising, and chemical additives - only for fresh, healthy and nutritious food. Most of our food dollar isn't going to bloated corporate agribusinesses, but to nearby farmers and small shopkeepers, enabling them to charge less while still earning more than if they were tied to the global system.
Creating Cultures of Happiness

At a structural level, localisation fosters individual and cultural freedom from the monocultural pressures of the global consumer culture. Through supporting community and a connection with nature, it contributes to an expanded sense of self and a deep sense of security. By acknowledging what we lost when we abandoned community life and more diversified economies, we can redesign our societies – not by going backwards, but by embracing our ecological roots and our common humanity.

All over the world, the growing awareness of the destruction caused by a global economy is generating movements towards resistance and renewal. Helping to create that critical mass is the goal of what I call ‘awareness activism’. Raising awareness involves more than just theoretical analysis: every day we can point to inspiring new examples of localisation projects. We can show that in North and South, in the city and the country, people are rebuilding connections to others and to nature, with immediate spiritual, psychological, and practical benefits.

Awareness activism also involves spreading a deep and holistic re-think of basic assumptions. Today’s consumer culture is based on myths and misinformation that paralyse and confuse people with contradictory ideas: on the one hand the evening news regularly asks whether consumer spending is adequate to keep the world going; on the other hand we’re told that consumer greed is destroying the world.

The system has been running on blindness for a long time, enabling tremendous destruction to be perpetrated with the best of intentions. Until recently, the broad perspective needed to deconstruct the global economic system has been marginalised, with the field left to narrowly focussed market fundamentalists. As a result, it appeared that the only viable path leads towards ever larger and more inhuman scale, with wealth and power concentrated in ever fewer hands. Awareness activism informs us that another way is possible.

The way forward lies not in anger and confrontation, but in actively seeking to encourage peaceful, broad-based, systemic change. Awareness activism does not point a finger at individual politicians, corporations or bankers. The economic pundits that promote the global growth model have been
trained to look at flows of money and numerical representations of the world, and are shielded from many of the real-life social and ecological consequences of their abstract models. The CEOs of large corporations and banks are driven by speculative markets to meet short-term profit and growth targets, and so have even less ability to contemplate the overall impact of their actions. Even concerned consumers, taxpayers and citizens can find it difficult to see the many hidden ways that their choices support an energy-intensive, job- and soul-destroying economy.

Awareness can spread like fire, and it’s empowering to realise that we don’t necessarily need to convince our political and economic leaders – who tend to be too locked into their misguided assumptions – or that sector of the population that is deeply immersed in consumerism. Despite enormous financial and time pressures, there are still a remarkable number of engaged and concerned people who in one way or another are working to make the world a better place. They may be focussed on improving their children’s school, working to protect wildlife, reducing CO2 emissions, feeding the hungry, or promoting spiritual and ethical values. No matter what problem they’re addressing, the economy is a common thread that links them all.

A big picture, broad analysis is beginning to build a broad, united movement. People are harnessing their love, their hope, and their creativity to give birth to a new world – to cultures of happiness. We can leave behind the current system which fuels competition, greed, isolation and even self-rejection. By going local, we can organise our economies around the ideas of interdependence and diversity, at a more human scale and human pace.
The International Conference on the Economics of Happiness 2015 Jeonju

[Figure 1]

Global GDP

Living Planet Index

Data from World Bank, United Nations Development Programme

Data from Living Planet Index

[Figure 2]

CONSOLIDATION

1983

In 1983, 90% of American media was owned by 50 companies

2011

In 2011, that same 90% is controlled by 6 companies

Source: Frugaladad.com

[Figure 3]

Local Benefit of Indie v. Chain Restaurants

Local Recirculation of Revenue: 34.9%

Local Recirculation of Revenue: 65.4%

*Compiled results from 16 case studies by GfK Economics, 2013. www.gfkeconomics.com

[Figure 4]

LOCAL FOOD GROWS LOCAL ECONOMY

A small shift has a big impact

Let's look at Michigan, for example. A 20% shift in local food purchasing leads to 42,519 new food-related jobs, generating $2.9 billion in economic benefits.

$1.5 billion annually in new sales
$255 million in U.S. federal taxes
$1.1 billion in additional state and local taxes


Becker Center for Food and Society, hungernetwork.org; case studies for Michigan local foods
Further Reading


GRAIN (2014) Hungry for land: small farmers feed the world with less than a quarter of all farmland. (www.grain.org/e/4929)
CHAPTER 04

Plenary 1

- The Downshift towards Slow, Small, Simple / Keibo Oiwa
- Beautiful Business / Judy Wicks
The Downshift towards Slow, Small, Simple

Keibo Oiwa (Tsuji Shin’ichi)

* * *

Even if the Great Turning fails to carry this planetary experiment of ecological revolution onward through linear time, it still is worth it. It is a homecoming to our true nature.

- Joanna Macy “The Great Turning”

Many of us know that we are living in the age of crises; terrorism, wars and conflicts, widening gap between rich and poor, oppression, eroding democracy and, of course, the environmental breakdown and all the crises that go with it. But that's not all. We are faced with social, mental, and spiritual illnesses that are so common in the so-called developed countries like Japan and Korea; communal breakdown, alienation, suicide, violence to others and to oneself, stress and overwork, and so on. I believe that the roots of all these problems are intertwined. In Japan, on top of all that is the crisis continuing since the nuclear accident in Fukushima on March 11th, 2011.

What is the meaning of crisis? In Chinese, two characters make up a word “crisis”. The first one is “danger” and the second one is “chance” or “opportunity”. So, crisis can mean “dangerous time” and “time for opportunities” at the same time. Albert Einstein once said, “Problems cannot be solved with the same mindset that created them in the first place.” But that is exactly the same mistake that we have been making all this time; we still act as if we can fix the crises with the same mindset that created them.

So, what is the mindset?

To address this question, I would like first to focus on “progress” and “wealth,” the two notions that are so central to our time.

The environmental crisis is one of the strangest things. Human beings, who are supposed to be the most intellectual being ever existed in the planetary history, have steadily been destroying their only home known to them, the Earth. We are strangling not only our own but future generation's basis for
life. How is this possible? There must be a good reason for it. Something very strong and attractive is at work driving us to do this.

One way to answer this question is to look at the notions of progress and wealth. We somehow felt that progress is worth everything, worth even the whole Earth, and even more. Progress is epitomized by science and technology. But why progress? What does it bring us? Not that many of us are clear on this, one common answer is wealth. Then again, a difficult question surfaces. Why wealth? What does it bring us?

The economists and other experts of wealth never give us answers. Without even defining what it is, they say how to attain wealth is their concern, and nothing else. Politicians and economists are never willing to listen to the wake-up calls sent by concerned scientists and environmental activists. The excuse they make has been always simple; dealing with environmental problems would have negative impacts on the economy. Many have argued that an environmental destruction was inevitable and even necessary for economic progress or economic growth. Some even argued that economic growth is required to solve environmental problems. These ideas still seem prevalent everywhere. It is true that countries like Japan have been quite successful in the race over technological progress and economic growth. But what is the reality of the wealthy societies today?

There was a time when people could naïvely believe that technological progress and wealth-making are not only morally acceptable and desirable but also imperative, as it would be good not only for oneself but for the rest of the world. However, we are now living in the age of disillusionment; we now know that the economy and technology, often causing serious problems and requiring an immense sacrifice, have grown too fast and too big for the entire humanity and the ecosystem to bear.

Progress and wealth are no longer proportionate to well-being. Mahatma Gandhi once said, “The world has always enough for everyone's needs but never for anybody's greed.” The current situation with all kinds of crises; environmental, social, psychological, spiritual, etc., might have been acceptable to those who happen to live in wealthy and technologically advanced societies, if they could have truly enjoyed happy, fruitful fulfilling lives and have felt that their well-being is the fruit of their progress and wealth. But who can be so sure? All of us need to ask ourselves if we are truly well or not. Is our society a happy one? Is this world a happy place? Is this planet a happy planet?

We used to believe naïvely that those who living in rich countries are better off and happier than
those who live in poorer countries. This basic assumption or belief, however, has been proven wrong in many of recent researches. Does this news come to us as a surprise? You may remember this quote from the Bible, “It is easier for a camel to enter a needle's eye than a rich man.”

*Shiawase*, the Japanese word for “well-being,” originally signifies togetherness and relatedness, and I believe it is an expression of an old cultural worldview that everything is related and that our well-being depends on the harmonious relationship among things around us. Contrast it with the modern individualistic and competitive notion of “the pursuit of happiness.”

The voice of such ancient wisdom echoed throughout the 20th century and to the present time. It was a century ago that Mahatma Gandhi started to criticize the ideology of economic growth and technological advance. To him, the problem was not poverty but wealth itself, not underdevelopment but overdevelopment. While we have been passionately fighting over the poverty and underdevelopment issues, we have rarely questioned the virtues of progress and wealth. We just assumed the countries in the South are “developing” and have been calling them as such.

We now need to unlearn our economy, relearn Gandhian philosophy, and start walking the path towards the economics of wellbeing, instead of the economics of wealth, shifting from the economics of greed to the economics of need, from the economics of possession and domination to that of sharing.

It was on June 6th, 1968, Robert Kennedy, expected to be the next President of the US, was assassinated during his primary campaign. About two months before his death, he gave a remarkable speech, criticizing the simplistic adoration of economic growth, re-questioning what the GNP index can and cannot measure. He claimed that an increase in GNP can only tell us money spent anywhere in economy no matter if it is for good or evil. America now, he said, boasts the world highest GNP, but this figure includes money spent for tobacco, alcohol, drug, divorces, car accidents, crime, and environmental pollution and destruction. I quote,

“GNP counts napalm and the cost of a nuclear warhead, and armored cars for police who fight riots in our street. It counts Whitman's rifle and Speck's knife, and the television programs which glorify violence in order to sell toys to our children.”
What about now? Since the disastrous earthquake and tsunami in Japan in 2011, many of big corporations took advantage of the special demands for reconstruction, pumping up Japan’s GDP. Keidanren(The Japan Business Federation) tightly allied with the government are now demanding for the reopening of now idled nuclear plants throughout this seismically volatile nation. Why? Of course, for more profit and economic growth.

Bobbie Kennedy also pointed out what is NOT included in GNP. The health of our children, the quality of their education, the joy of their play, the beauty of our poetry, the strength of our marriages, intelligence, integrity, courage, wisdom, learning, compassion, and devotion to our country. These qualities are never included in GNP. Nonetheless, GNP and GDP have been the most common ways to measure our nation's wealth, and still are.

As all of you know, P in GNP stands for “product”, and GNP means monetary sum of exchanges of goods and services. In Bhutan, a small country in the Himalayas about the size of Japan's Kyushu island, the former king coined a witty term, GNH, substituting H for P. H here is for happiness; GNH thus stands for “Gross National Happiness”. It was in the late 1970s that the young king said in an interview that GNH is more important than GNP. The people of Bhutan took this idea seriously. They have been trying to put it into practice ever since. The first constitution of Bhutan that was ratified in 2008 included GNH as its main governing principle. The section 2 of article 9 of the Bhutanese Constitution declares, “The State shall strive to promote those conditions that will enable the pursuit of Gross National Happiness.” You can find the Buddhist worldview and philosophy as the backbone of this idea.

In recent years, GNH started to attract the attention of the world and it has come to represent a challenge against the ideology of economic growth that had not only dominated the mainstream economics but captivated the hearts and minds of people all around the world.

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Civilization tells us how far we can go.
Culture tells us where we should stop.
(Hisashi Inoue, writer-activist, 1934~2010)

Now, let us further look at the ideas of progress and wealth. It seems to me that the both concepts
are rooted in the origin of “civilization.” Civilization, in this sense, requires undoing of moderation and temperance, and overcoming of the restraints imposed by the natural world. This might be the “mindset” that Einstein was referring to. Isn't this with this mindset that we have been creating so many problems and crises? And yet, within the same framework and mindset, we are acting as if we can solve these problems. So, we have to re-question the very nature of our civilization led by science, technology and economy.

One way to do this is to look at “culture” and contrast it with civilization.

Culture, as I define it, is a mechanism that integrates into the society a system of temperance, moderation, self-imposed restraints. This should not be surprising to many of you who are familiar with ancient philosophies of either the West or the East, from the Stoic school of Greece, to Buddhism, and Taoism. Unlike civilization, culture by definition is three things at the same time: local, communal, and ecological, and within those limits it always works towards a stationary state where everything is just enough and well. Pace, scale, and size that are just enough and well. Culture, as a result, is essentially three things at the same time: slow, small, and simple.

This is where the notion of “slow life” comes in. A slow life, by definition, is a local, communal, and ecological life. It is an intellectual, practical and spiritual pursuit towards a new lifestyle that goes beyond the global, economic mindset. Remember that the idea of “eternal growth” is an oxymoron. It is an illusory idea.

From “excess” to “just well and enough;” this is the shift that we have to go through. The age of crisis actually is the age of a great shift, and I believe this shift is characterized by the resurgence of culture.

*   *   *

A Japanese philosopher of the 18th century, Miura Baien (三浦梅園), who was not only a farmer and medical doctor in a small rural community, but also a brilliant philosopher, said this; "What we should be really amazed is not with flowers on a dead tree, but with flowers on a living tree." In the words of Linji, Zen master of Tang Dynasty China, “A miracle is not walking on the water, but our walking on the land.”

In a similar vein, E.F. Schumacher, the author of the great book, "Small is Beautiful;" says, "Nature seems to know where and when to stop its own growth and development. Greater even than the
mystery of natural growth is the mystery of the natural cessation of growth.” There is no eternal growth in nature. It is as if nature always knows where to stop and how to create a well-balanced state of the “just-enough-and-no-more.” That is a real miracle. Schumacher continues; "There is a measure in all natural things - in their size, speed, and violence. As a result, the system of nature, of which man is a part, tends to be self-balancing, self-adjusting, and self-cleansing."

In contrast, as Schumacher says, modern civilization steps out of these laws of nature. Its idea of eternal growth recognizes no self-limiting principle and it is unable to balance, adjust, or cleanse itself.

“The first commandment of Economics” according to the late ecologist Donella Meadows, one of the authors of the famous Club of Rome report “Limits to Growth” is,

“Grow. Grow forever. Companies must get bigger. National economies need to swell by a certain percent each year. People should want more, make more, earn more, spend more—ever more.”

But in contrast, the first commandment of the Earth, Meadows said, is,

“Enough. Just so much and no more. Just so much soil. Just so much water. Just so much sunshine. Everything born of the Earth grows to its appropriate size and then stops.”

Knowing the limits, however, does not mean a status quo, stagnation or boredom.

The planet does not get bigger, it gets better. Its creatures learn, mature, diversify, evolve, create amazing beauty and novelty and complexity, but live within absolute limits. (Donella Meadows, “Just So Much and No more”)

Then, how about the first commandment of Culture?

Culture, in order to sustain itself, must be a self-limiting, self-balancing, self-adjusting, and self-cleansing mechanism that equips humans with temperance, the power of knowing when it is just so much and no more. If so, the environmental crisis that we are talking about is, in fact, a breakdown of the cultural self-limiting mechanism in the society. It represents the loss of an appropriate slowness,
smallness, and simplicity. Environmental destruction is actually a problem of cultural decay. Then, our environmental movement should also be a movement towards a cultural regeneration and revival.

In 2001, about the same time as the 9/11 disaster in the US, I published a book in Japan entitled "Slow is Beautiful." As you can guess, I was inspired by Schumacher’s famous "Small is Beautiful," the title of which came from a phrase, “Man is small, therefore small is beautiful.” What did he mean by humans being small? That is to say, humans live in socially, culturally, and naturally defined and bound space and time. Human life can only be sustainable within biological and cultural communities.

What Schumacher said about size and space appropriate for humans can also be said about time; appropriate pace and rhythm for humans. Hence, my book "Slow is Beautiful."

Slowness is essential to each and every culture. Culture is a web of interdependent relationships, ecological, social, and spiritual. In each relationship, there is a befitting pace, rhythm, and tempo. The soil, the air, animals and plants, the seasons that come and go, the movement of the sun, the moon, and the stars, the highs and lows of the ocean tides. On this great natural tapestry, human souls and actions embroider new meanings through mythology, festivals, rituals, dances, and songs. An ecosystem of each watershed and valley with its own temporal and geographical framework is different, and every human community with its own foodway, value system and artistic expressions is unique. Every village and town is characterized by its own slowness.

Every community is a complex web of relationship; relationships of humans with other humans, with the local ecosystem, and indigenous gods and deities. It is a network of dependency and interdependency. It is a system of gift-giving economy, based on the idea of “commons”

Slowness is an essential property of any meaningful and worthy relationship. Look at how much time the traditional people in Asia used to spend for ceremonies and rituals. And even today, everyone of us knows that it takes time to make a friend, or do we? Do you want to be loved efficiently? Love, by definition, is slow.

In Saint-Exupery’s “The Little Prince,” the fox became befriended with the Prince, and told him “a very simple secret” that “It is time you have wasted for your rose that makes your rose so important. This is a teaching about slowness of friendship and love.
Let me summarize what I have said so far. What are slow, small, simple, and why?

The three “S” words characterize the downward shift from “excess” to “just enough,” and the age of crisis is a great opportunity for the shift.

The shift is an imperative because of the enormous mess we’re currently in, created by our own civilization with its race to get faster, bigger and more. It is because we are now in a big mess.

A race to get faster, more, and bigger brought us to the world full of all kinds of clutter. First, there is spatial clutter. Think about the clutter in your home, our community, our city, and the whole Earth. That is our environmental problems. Secondly, there is temporal clutter. We are all busy, aren’t we? Why? Because we have been in the never-ending competition over efficiency; that is, to put as much as possible in the limited time. Third is psychological clutter. There is a clutter in our mind, in our psyche. There are always so many regrets, worries and problems to deal with and for many it is becoming just too many.

With so much to do, we are no longer “human beings” but have become “human doings”. Our societies are now what I call “do-do society.” We used to do things in order to “be,” but now we live in order to “do” things.

What, then? To drop out of the wealth-pursuing game, and to get out of the messy world, I must say, let us be a sloth. In 1999, I founded an organization called the Sloth Club. The three-toed sloth, the beautifully slow and peaceful animal living harmoniously in the jungle of Central and South America is our icon symbolizing the great shift towards slow, small and simple.

To be a sloth means to subtract. Didn’t we all learn not only addition but subtraction in the elementary school? We then must relearn slowing down, scaling down, down shifting, simplifying, and also relearn how to do less and be more.

This is the Taoist teaching of wu-wei (無為) or “non-doing.” It is only through subtraction that we turn away from the clutter of doing, and will be human-beings again, returning to our true nature.

The real wisdom, I think, as philosophies since ancient times teach us, is to know where we have just enough and are well.
I want to think that this gathering is a call for a radical shift from the big to the small, the fast to the slow, excess to the simple, global to local, and from the pursuit of material wealth to that of spiritual and creative richness.

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The major challenges we face today - climate change, natural resource depletion, growing inequality, and increasing unhappiness make it clear that we need to build a new economy – one that truly serves the needs of all people, while protecting and restoring our natural environment.

Here I share a vision for a new global economy expressed through a continent-wide organization I co-founded, the Business Alliance for Local Living Economies (BALLE), which has this vision statement:

“BALLE envisions a global system of human-scale, interconnected local economies that function in harmony with local ecosystems to meet the basic needs of all people, support just and democratic societies, and foster joyful community life.”

My own awakening to the need for building such a new economy came from my experience as an entrepreneur, primarily at the White Dog Cafe, a restaurant I founded in Philadelphia in 1983.

**Business is about Relationships**

During the time I operated the White Dog Cafe, I hung a sign in my closet that I would see each morning, which said “Good morning, beautiful business.” It was a daily reminder to me of just how beautiful business can be when we put our creativity, care and energy into producing a product or service needed by our community. Economic exchange can be one of the most satisfying and meaningful of human interactions.

When I saw that sign in the morning, I would think of my own business, and how the farmers were already out in the fields picking fresh organic fruits and vegetables to bring into the restaurant that day. I would think of the farm animals out in the pastures – pigs, cows, chickens - enjoying the morning sun and fresh air, and of Dougie, the goat herder, who claimed that when she kissed her goats ears it made their cheese better!
Taking Responsibility for a Place

The first time I walked into the neighborhood where the White Dog Cafe is today I was enchanted by the narrow tree-lined street with a row of charming Victorian brownstone houses with small businesses on the first floors. In 1972, just after I moved there, I learned that the entire block had been condemned to demolition to make way for a shopping mall.

How could it be that those lovely brownstone houses would be demolished and the local business owners and residents forced out to build chain stores and fast food restaurants! I was outraged! And I eagerly joined our local community group to fight the demolition and save our homes and businesses. I think this was my first BALLE moment!

Eventually, our community group won the fight to save our block from the wrecking ball and I was given the opportunity to buy the house I was living in. I had found my place in the world where I wanted to live, work and raise a family. I stayed for almost 40 years. Choosing a place and taking responsibility for it is the first step in building a Local Living Economy.

Balance of Head and Heart

Like the family farm or family-run inn, I lived above the shop in the old-fashioned way of doing business, and raised my family in the workplace. With industrialization, work life and family life became separate and many people commute long distances to work. This separation of work from family and community often leads to the compartmentalization of values. Many business schools even tell students to “Leave your values at home, when you go to work.” So it’s teach your children the Golden Rule at home, but at work “Gold Rules!”

Living and working in the same community not only gave me a stronger sense of place, but a different business outlook. Making business decisions in the best interest of the common good comes naturally when those affected are friends, neighbors and employees and the environment I experience
every day. There was a short distance between me as the business decision-maker and those affected by my decisions, so I was more likely to make decisions from the heart, not just from the head.

I’ll give a couple of examples.

**Paying a Living Wage**

A living wage is a voluntary commitment by a business owner to pay at least the minimum pay rate needed to cover the cost of living in a particular location, rather than only paying the government mandated minimum wage, which is usually below a living wage.

When I first heard about the living wage, I had a typical businessperson’s knee jerk reaction against it – “no one’s going to tell me how much to pay my staff. I could never afford to pay entry level dishwashers a living wage.”

Months later, I was in the kitchen when for a split second, three young men who were cleaning and chopping vegetable all happened to look up at me at the same time. Looking at their faces, I had an instant realization. “Of course I want these young men to make enough to live on – to buy food, clothes, pay their rent and other expenses. How could I not pay people working full time at my business enough to cover basic needs? Of course I want to pay a living wage. What had I been thinking!”?

It was the direct personal contact with people I knew and cared about combined with the information on the living wage that caused me to make a decision from the heart as well as the head.

**Buying Renewable Electricity**

On another occasion, I was influenced by a direct relationship with nature. I had heard about the problem of global warming and the opportunity to purchase renewable energy. I understood the principles intellectually, but hadn’t been moved to action.

Then one summer around 2000, I was driving up to my favorite woods north of Philadelphia. We had been experiencing a severe drought and when I arrived in the woods I noticed that the beautiful ferns
which once swayed in the breeze - big, green and lush, were crumpled on the ground like brown tissue paper. I could see that the tops of the trees were all brown and many of the leaves had fallen. I came to the creek, once rushing waist deep, and found there was no water at all – only dust covered rocks. As I walked through the woods, the only sound was the snapping of dead sticks and rustling of dry leaves. There was an eerie silence – not even the birds were singing – and a feeling of danger. Fear of fire was in the air.

“This is what it will be like,” I thought, “when global warming brings drought and fire to some parts of the world, and storms and floods to others.” I went over to a huge old oak and put my arms around it – I became a tree hugger! I promised I would do all I could to stop the global warming that was endangering the place I loved.

Back in the city, I came into the office and said, “Let’s find out how to buy renewable energy.” And soon the White Dog became the first business in Pennsylvania, to purchase 100% of our electricity from renewable sources. Though I intellectually knew what I had to do, it was my personal relationship with the natural environment that touched my heart and caused me to act on what I had already known in my head.

When businesses continually grow larger and larger, the distance between the decision-maker and those affected grows longer. Many CEO’s rarely have personal relationships with those affected by their decisions, and are much less likely to make decisions from the heart.

**Grow or Die vs. Small is Beautiful**

Because success in the business world is measured by material growth, there was a time when I questioned my own success because I only had one restaurant. People are surprised that someone considered a successful restaurateur didn’t have more than one.

But I made a conscious decision to stay small, to be one special restaurant, because I realized that if I grew beyond a certain point, I would lose what was really most important to my own happiness – authentic relationships with all the people involved in my business.

So instead of starting a chain of restaurants, I looked to see what else my own community needed
and started a store specializing in locally made products. Instead of starting a White Dog in someone else’s community, I started a retail store called the Black Cat in my own community.

I began to see chain stores and restaurants as invasive species that grew into other communities and smothered out the indigenous businesses. That made me explore how nature grows in a healthy way. Nature grows deeper in place to become more complex, more diverse, more resilient and more adaptive to the needs of the eco-system. So I looked for ways to grow deeper in my own community.

**Buying Local**

The most important way to grow deeper was to buy local and connect to the family farmers in my region to purchase organic fruits and vegetables during season. One of our farmers once told me that successful farming is the balance between feminine and masculine energies, between nurturing and efficiency. Too much efficiency and not enough nurturing result in a well-run business, but not a good product. While too much nurturing might produce great tomatoes, but the farm will go out of business because it is not efficiently run.

This made me aware of how our whole economic system is out of balance – too much masculine energy with a focus on efficiency and not enough feminine energy to nurture, and that has lead to a lot of unhappiness.

A prime example is the factory farming of animals. In this industrial system, it’s all about how little space can be provided the mother hen or mother pig, how little light and air, how little food and water, to get the cheapest egg or pork possible. There is no nurturing in this system and the animals suffer terribly.

When I found out about the battery cages for egg production, we switched to buying all locally raised chickens and eggs from small family farms where the chickens are raised on pasture.

Then I found out about the barbaric way in which pigs are raised in windowless factories, kept in cages so small they are unable to move forward or backward, nor turn around, standing on cement with slats where their manure flows into a lagoon which then goes on to pollute the streams and
rivers. These mother pigs never enjoy a breath of fresh air, or a ray of sunshine. Though very social animals, they are never able to touch each other, socialize or sleep in big pig piles, as they love to do. The sows are artificially inseminated, prohibited from building nests and caring for their young as their instincts call them to do. Their babies are taken away prematurely, and the process repeated over and over.

I was outraged to learn this. Pigs are not machines; they are intelligent, sociable sentient beings with feelings and emotions. Like other mammals they have the capacity to feel joy and despair It’s a violation of nature to treat them in this cruel and inhumane way and a betrayal of our sacred trust as stewards of farm animals.

I realized that the pork I was using in my restaurant must have been coming from factory farms, as most all pork does. I could not participate in this evil system, so I came into the kitchen, and told the chef to take all the pork off the menu – the ham, bacon, and pork chops – until we could find a humane source. It wasn’t too long until we found a farmer who raised pigs out on pasture free of the cruel factories.

Next I discovered the plight of the cow and found local sources for grass-fed beef. Eventually, all the meat and poultry on our menu came from local family farms where animals are raised on pasture and treated with respect and compassion. We finally had a cruelty free menu. This would be our market niche, our competitive advantage - the only restaurant in town that could make this claim.

But then I thought, “Judy, if you really do care about those animals, if you care about the environment that’s being polluted by industrial farming, if you care about the workers in these horrible animal factories and slaughterhouses, if you care about the family farms being driven out of business, if you care about the consumers eating meat full of hormones and anti-biotics, then you would not keep this as your competitive advantage, but rather share what you have learned with your competitors.”

I was doing the right thing within my company, but that was not enough any longer. There is no such thing as one sustainable business, or one sustainable household. We must be part of a sustainable system. I had to turn my attention beyond my own business to building that sustainable local food
system. I had to move from a competitive mentality to one of cooperation in order to build a whole local economy based on humane and sustainable farming.

I asked the farmer who was bringing us pork if he would like to expand his business, and he said he would. “What’s holding you back?” I asked. He needed a refrigerated truck so I loaned him $30,000, and he bought the truck. Then I increased the Cafe’s charitable giving and started a non-profit called Fair Food, and our first program was offering our supply list of farmers to other restaurants and helping them learn to buy from farmers. Other programs, such as a year-round farmers market, were added toward our mission of building a sustainable regional food system.

Reinventing Growth

I also came to understand that success in our businesses and personal lives can be measured in other ways than growing materially.

We can grow by: increasing our knowledge, expanding consciousness, developing our creativity, deepening our relationships, building our communities, strengthening our ecosystems, increasing our happiness, health and well being – and having more fun!

After reaching a financially sustainable size, I stopped growing the White Dog Café physically, and began to grow in new ways—to grow deeper through our many educational programs which built community and interconnectedness with others and with nature. Education became a product of the White Dog along with food and service.

For example, we had speakers at special dinners to discuss the important issues of the day from public education, to community arts, to climate change. We took our customers on solar house tours, on tours of farms, of prisons. We even organized an international sister restaurant program called, “Table for Six Billion, Please,” which sponsored tours for our customers and staff to visit other countries. We studied local food systems and learned how US policy affects the lives of others in countries with adversarial relations with the US government, such as Vietnam, Cuba, Nicaragua and the Soviet Union. Our purpose was to demonstrate that it’s through dialogue and understanding that we achieve world peace rather than through military and economic domination.
Through these travels I began to understand more about the global economy, and how corporate globalization was destroying local economies and natural environments.

Local Self-reliance

When the Zapatistas held their uprising on the day NAFTA went into effect, New Years Day, 1994, I was curious to find out why and started a sister restaurant program in Chiapas. To comply with NAFTA, the Mexican government had to change the Mexican constitution, eliminating the article won from the Mexican revolution that protected the communal lands of the indigenous people, opening them to exploitation by foreign corporations.

The Zapatistas demanded their right to farm their land, to be self-reliant and not be forced into the global economy to work on plantations or in factories. They also wanted the right to raise their children with their traditional customs in their own language and not be pulled into the global monoculture.

The Zapatistas predicted that with NAFTA, cheap US corn, subsidized by our government, would flood across the borders putting local Mexican farmers out of business, which is exactly what happened.

Witnessing this situation in Mexico, I realized that the plight of the indigenous farmers of Chiapas was the same plight family farmers faced in the U.S., pushed off the land by the same force – corporate agribusiness.

The Zapatista’s cry for the right to community self-reliance and local culture is the cry of communities around the world who have become dependent on the corporate controlled global economy for their basic needs.

Founding of BALLE

This experience with the Zapatista’s inspired me to envision a new global economy as an intricate web of small-to-small, win-win business relationships, - a decentralized global network of self-reliant Local Living Economies, comprised of independent, locally owned businesses. These businesses would be human-scale and community-based and strive to work in harmony with natural systems,
while creating community wealth and vitality.

In order to support this vision, in 2001, I co-founded BALLE. Across North America, BALLE connects and supports leaders who are working with local businesses to build Local Living Economies in their communities. BALLE spreads grass-roots solutions from one community to the others through our educational events, programs and materials. And BALLE drives investment to local communities to fund these local projects and small businesses.

In Local Living Economies business ownership is decentralized to build local food and energy systems and produce basic needs at home, using local supply chains. Local production builds local self-reliance and community wealth, so that economic power shifts from distant boardrooms to local communities.

Products not available locally are purchased through fair trade relationships, which support the communities where products originate. Local Living Economies export excess production, as well as products that make their region unique such as a special wine, cheese, fashion, art or local innovation – the many things that celebrate what it is to be human.

**Local Investment**

Capital is needed to build local businesses and a healthy local economy. When we invest in the stock market, we take capital right out of our communities. When we invest locally, we not only get a financial return, but also a “living return” - the benefit of living in a stronger and more sustainable local economy.

By disinvesting in the stock market and putting our money in a local bank, credit union, or community reinvestment fund, we can bring your money home and build direct relationships between investors and borrowers in our own communities – where our money is invested in businesses we know and trust.

**Prosperity for all**

Creating new businesses that produce basic needs locally using environmentally and socially
sustainable business practices increases the number of quality jobs. These are steady, long-term jobs that are meaningful and bring happiness.

As we build a new economy of local green businesses, this is the time in history to make great strides toward economic justice – of having broad spread business ownership. It’s important that we help those who have been left out of the global industrial economy, find ownership opportunities in Local Living Economies.

Peace
Lastly, and perhaps most importantly, this alternative economic model is building a global peace economy. Large corporations have historically used militaries to protect their ability to exploit natural resources, cheap labor and new markets in other countries, which often leads to war. Working to help every community to have local food, water and energy security is building the foundation for lasting world peace.

Happiness
Belonging to a community brings happiness. Knowing the people who grow our food, bake our bread, brew our beer, sew our clothes, and build our houses. The butcher, the baker, the candlestick maker - these are the relationships that form the bases of community life.
There is collective joy in working collaboratively toward a shared vision for your community and local economy.

Leading with love
Ultimately we are all part of the Earth Community. We are not separate from nature, but a part of nature. When we believe that all life is interconnected, spiritually and environmentally, we can feel our connection to the suffering pigs, to the struggling small farmers, to the polluted waterways and dying fish.

The transformation of our economy from life destroying to life giving begins with awakening our hearts – the heart of the entrepreneur, the investor and all of us as consumers. My own awakening
fully blossomed when I made the decision to share with my competitors. At first I was afraid to share — that sales and profits would go down. I didn’t make the decision to share because I figured out in my head that it was the right thing to do. I did it because I loved the pigs. I felt it in my heart. My love of animals, of nature, of community was greater than my fear.

When we love our places and take responsibility for them, when we open our hearts and lead with love, we can build a just, sustainable and joyful economy. If we succeed in leaving a viable future for our children and the children of all species, it will be because humankind has evolved to take our rightful place in the vibrant community of life — not as exploiters, but as lovers.

**Judy Wicks**

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Founder of White Dog Cafe, Business Alliance for Local Living Economies, Fair Food Philly, and the Sustainable Business Network of Greater Philadelphia
CHAPTER 05

Plenary 2

- Policies For Shareable Cities / Janelle Orsi
  1) Building Resilient Economies at Four Levels
  2) A Sharing Economy Policy Primer For Urban Leaders

- Building a thriving local economy / Neil McInroy
Policies For Shareable Cities
1) Building Resilient Economies at Four Levels

Janelle Orsi

The concept of resilience has emerged from a growing awareness of global economic and environmental crises. Communities build resilience by creating locally-owned projects and enterprises that provide sustainable food, healthcare, energy, housing, and jobs. In this manuscript, I describe four ways in which communities can organize to build economic resilience at the local level, highlighting ways that both individuals and governments may participate in the process.

We live in a world where people have become increasingly dependent on jobs, energy, food, and other necessities provided by companies and institutions located outside of their communities. As a result, communities everywhere are vulnerable to economic instability. A single employer can devastate a town by closing a manufacturing plant. Fluctuating commodity prices can destroy an entire farming community. A new, large WalMart store can wipe out dozens of locally owned shops. In short, local economies lack resilience.

This is a moment in history when communities most urgently need economic resilience, as two trends are set to devastate communities. First, global inequality is rapidly increasing. In the United States, 93% of wealth is already controlled by the wealthiest 20% of people. Second, by nearly every measure, humans are depleting and polluting natural resources faster than the resources can be replenished and restored.

We’ve been aware of both problems for decades. Yet, the problems persist, in spite of many good faith efforts to solve them. Environmental organizations sometimes block destructive development. Charities provide relief to the victims of inequality. Businesses reduce harm by “greening” their products. Unfortunately, these interventions fail to address a core problem: Too many businesses are owned and controlled by shareholders who are disconnected from and have no incentive to ensure the wellbeing of communities where they do business.
To reverse the trend toward economic disconnection, many people in industrialized societies must begin to dismantle the images of “success” that most of us are taught. In the United States, “success” is often synonymous with getting a high-paying job, owning a house, owning a car, and earning money to buy all of the things we’ll need. People often feel shame if they rely on family, friends, and neighbors to help meet their economic needs. Instead, we rely on companies that have very little connection to our communities and very little incentive to ensure our long-term health and happiness.

Now, our abilities to survive and thrive on this planet demand that we turn to one another, cooperate, and share our resources and efforts toward building resilient economies. Each community can harness the resources at hand and work to ensure that everyone’s needs are met. One way to view this transformation is to imagine that it is happening at the following four levels, which I describe in greater depth below.

1. Gift-based relationships
2. Agreements
3. Organizations
4. Universal systems of provision

Everyone – individuals, families, communities, and governments – have roles to play in building resilient economies at each of the four levels.

**Level 1: Gift-Based Relationships**

At the first level, we can begin to build relationships that provide for us in casual and gift-based ways. By “gift-based,” I mean that people do things for one another without expectation of a return or payment. However, because such things are done in the context of social relationships, there is a high likelihood of reciprocity through time. For example, we might:

- Borrow and lend tools with neighbors
- Invite people to stay in our homes
- Give or receive rides
- Borrow and lend cars with neighbors
- Share vegetables from our garden
• Cook meals for friends
• Run errands for others

These things sound relatively simple, but we currently live in a world where people have become less inclined to do such things. In the United States, it is very common for people to live in homes where they rarely – or even never – talk to their next-door neighbors. The challenge is to build community in ways that will dramatically increase the ways we share, collaborate, borrow, and lend among friends and community members. The above activities take place naturally within communities of people that know and care for each other. Quite likely, and conveniently, living in such communities will ultimately make us happier.

However, it requires a cultural shift to begin to rebuild social connections that enable the relationships described above. We can all begin to shift that culture by committing to buy less, ask for more help, and to give more to others. We can create fertile ground for such sharing simply by spending more time with people around us, particularly at the neighborhood level. Events and gatherings – particularly where food is shared – can often serve as catalysts for longer-term social connections.

City governments, too, have a role to play in rebuilding social connections. For example, cities can create more public spaces in every neighborhood. These would include not only parks, but also community gardens, recreation centers, educational centers, and other spaces that prompt people to get out of their homes and spend time together. Cities can also encourage or even require that new buildings be designed to encourage interaction, such as through the inclusion of courtyards or common areas.

However, the sharing and cooperation that take place at Level 1 are limited in the extent that they can meet our needs in our modern world. Thus, we also need the following three levels to build the foundations on which we can provide for ourselves.

**Level 2: Agreements**

Unlike casual and spontaneous activities described in Level 1, agreements create relationships that are more planned, reliable, and predictable, which enables us to meet some of our larger needs.
For example, we may:

- Co-own a car
- Co-own a home
- Share an office space
- Make an agreement with another parent to exchange child care
- Agree to barter for goods or services
- Share yard space to grow food

All of the above activities reduce our reliance on money and or reduce our impact on the planet. My first book, *The Sharing Solution: How to Save Money, Simplify Your Life & Build Community*, served as a legal and practical how-to guide for such activities. Ten years ago, before people began using the phrase “sharing economy,” most people I spoke to in the United States responded to such ideas with a good deal of skepticism. Many people said that it simply did not seem feasible to expect people to share things like homes and cars. Today, after economic crises have eroded that financial stability of the vast majority of American families, the idea of sharing does not seem so unlikely, and I increasingly hear of two or more families that buy homes together or share use of a single car.

At the same time, the agreements listed above cause many people anxiety, because they bring up many legal questions related to contracts, liability, shared risk, financing, and decision-making. As such, communities need both education and legal support to grow their fluency with such agreements. In the future, the average person will likely be party to many agreements that require a greater degree of planning and collaboration than many people are accustomed to. Classes on co-ownership agreements should be part of every person’s financial education, and legal services for the preparation of such agreements should be readily available.

**Level 3: Organizations**

Unlike the person-to-person agreements described above, organizations generally endure even when individuals come and go from them. In that respect, organizations become lasting institutions in our communities, and they can begin to build a longer-lasting base for resilient economies. The types of organizations that are emerging as we transition to the next economy are also adding new words to
our vocabularies. In English, we are already frequently using words such as:

- **Cohousing community**: A cluster of household units that share spaces such as a large kitchen, gardens, and living areas, with the intention of living in community with one another.

- **Housing cooperative**: A housing community in which residents own shares or memberships in a democratically-governed corporation, which, in turn, owns the entire property. Housing cooperatives are commonly used to create and preserve the affordability of housing.

- **Ecovillage**: Residential communities built around ideals of ecological, social, and economic sustainability. There are nearly 100 self-identified ecovillages in the United States, and many more around the world. In contrast to cohousing, ecovillages go beyond creating a neighborhood and collaborative community. Ecovillages often aspire to create self-sufficient lifestyles, reducing consumption of energy and natural resources and producing as little waste as possible.

- **Community garden**: Shared food garden where multiple people take part in growing and consuming food.

- **Carsharing cooperative**: Organization that provide cars to its members on a temporary basis, allowing the members to live without owning personal vehicles.

- **Complementary currency**: Money designed to “complement” or “supplement” mainstream currencies, particularly when money becomes scarce. Complementary currencies are often issued by and administered by not-for-profit organizations.

- **Time bank**: An organization through which people may do favors and provide services to one another, earning and spending “time credits” based on the number of hours they give or receive services.

- **Community land trust**: An organization that holds land for the benefit of communities, often with the goal of economic development and of preserving the affordability of housing and commercial properties.

- **Food cooperative**: A democratic organization with the mission of providing good and
affordable food to its members, often through a grocery store that returns all profits to its members.

- **Worker cooperative**: A business that is democratically managed and owned by its workers, and which distributes profits to workers on the basis of the value or quantity of work done by each worker.

- **Community-supported agriculture (CSA)**: A farm that receives support from customers in the form of advance subscriptions to the farms harvest. CSAs are a common tool to allow communities members to aggregate their buying power to ensure the success of local farms.

- **Credit union**: A non-profit banking institution that is democratically governed the people who use the banking services.

- **Childcare cooperative**: An organization through which parents collaborate and pool resources to provide care their children.

- **Tool lending library**: An organization that lends tools and equipment to members, helping to reduce waste and expenditures that result when people buy such items.

- **Coworking space**: A shared workspace where workers and entrepreneurs of multiple businesses and organizations work and share meeting rooms, phones, equipment, and other tools.

These organizations stabilize a community, meeting diverse needs in ways that keep wealth in the local community. A worker-owned business is nearly guaranteed to not outsource its jobs. Community-supported agriculture (CSA) models ensure that a farmer will have an income, regardless of fluctuations in global commodity prices. When consumer-owners of a food cooperative at their own store, their dollars go back into their community, rather than to the shareholders of a “big-box” store like WalMart. Overall, when community members democratically own and control the enterprises that supply their livelihoods and sustenance, those enterprises will have strong incentives to *provide for* the community, not *extract from* it.

**Legal Structure of Organizations:**
To build economies that are designed to genuinely provide for people, organizations such as those
described above should primarily be structured as non-for-profit or cooperative entities, as opposed to for-profit businesses. This factor is critical and it where the phrase “sharing economy” has become confused with commercially-motivated activities. The "sharing economy" companies we usually hear about in the media – such as Airbnb and Uber – are built upon conventional for-profit structures, and they are making billions of dollars for their owns. For now, these companies are privately-owned, venture-capital funded corporations, which means that they are powerfully motivated by profit for shareholders. By contrast, an economy that is built more genuinely on values of sharing should aim to create abundance for everyone, not just for shareholders. Removing the profit incentive and putting community members democratically in control of organizations is key to ensuring that organizations operate for communities’ benefit.

At the core of cooperatives are two very simple concepts that turn conventional business practices upside down. In a cooperative, 1) money doesn’t buy votes in board elections and 2) money doesn’t buy future profits. Rather, each member of the cooperative gets a vote and earns money based on the efforts they contribute. There is no single individual or group driving the company for their own profit. Many of the incentives for exploitation are simply absent in cooperatives.

Likewise, not-for-profit entities offer another powerful container for organizations, since not-for-profit corporations are generally prohibited from distributing their profits to private parties, again reducing incentives for exploitation. Such organizations are generally driven by a mission to either benefit the public or benefit the members.

Not-for-profits and cooperatives are the ideal containers to receive and manage resources that are critical to communities’ survival. Currently, an enormous transfer of wealth is about to take place in the United States. One-fifth of all land in the United States is farmland that is likely to be offered for sale in the next 20 years. This is because the average age of farm owners is nearing 60, and many farmers are selling their land as they retire. In addition, Inc. magazine estimates that up to 75 percent of small companies (those with fewer than 100 employees) will be offered for sale within the next 10 years. There is an enormous risk that the land and businesses will primarily be sold to people and corporations that have already accumulated an astoundingly disproportionate share of the wealth in the United States. Since the wealthiest 20% of Americans already own 93% of the wealth in the
United States, that portion of society is well positioned to swallow up the wealth that is transferred. If, however, such land and enterprises can be transferred into not-for-profit and cooperative entities, such resources can be stewarded in the long-term to provide more equitably for the needs of Americans. Furthermore, this will greatly reduce the trend toward increased wealth concentration.

As such, governments play an important role in incentivizing the development of not-for-profit and cooperative organizations, and in ensuring that they can compete with large for-profit companies. Governments should provide tax incentives, land use incentives, loans, grants, procurement contracts, land, buildings, and other benefits to not-for-profits and cooperatives that are designed to meet the land, housing, work, food, energy, and water needs of communities. This will help to ensure that communities do not become ever more reliant on large for-profit companies to meet all needs.

In 2012, the Sustainable Economies Law Center co-published a guide called Policies for Shareable Cities: A Policy Guide for Urban Leaders, available at http://www.theselc.org/policies-for-shareable-cities. This guide provides 32 policy recommendations for cities wishing to incentivize and remove barriers to sharing-based economies. This guide has also been translated into Korean, and is available here: https://www.scribd.com/doc/183236972/%EA%B3%B5%EC%9C%A0%EB%8F%84%EC%8B%9C%EB%A5%BC-%EC%9C%84%ED%95%9C-%EC%A0%95%EC%B1%85

**Legal Barriers:**

Regrettably, in the United States and in many other countries, our legal systems make the development of not-for-profit and cooperatively-owned enterprises incredibly difficult. Many laws were designed for conventional businesses, and those laws form barriers to innovative ownership models. For example, if a group of 200 neighbors form a food cooperative to operate out of one person’s garage, that food cooperative could be violating employment laws, securities laws, zoning/land use laws, and health & safety laws. The cooperative may be violating employment laws if it doesn’t pay minimum wage to members who volunteer their time to organize the cooperative. The cooperative may be violating securities laws if it allows each member to contribute money to finance the launch of the cooperative. The cooperative may be violating zoning laws by using a residential property to operate what could be seen as a grocery store. Finally, the cooperative may be violating health & safety laws if the facility does not comply with health codes designed for grocery stores.
All of these laws were designed to provide important protections to workers, investors, neighborhoods, and consumers, in light of the harms commonly caused by large businesses. At the same time, these laws act to stifle the types of organizations that our communities desperately need. Thus, governments should reduce legal compliance barriers for small-scale, not-for-profit, and cooperatively-based economic activities. Some policy recommendations are available in the Policies for Shareable Cities guide described above, and also at the website of the Sustainable Economies Law Center at www.theselc.org/policies.

In addition to the direct legal barriers described above, another barrier is lack of access to legal services needed to start a new organization. Most lawyers in the United States serve the wealthiest 20% of society, which is what has boosted lawyers to be among the top five highest earning professions. As a result, most people cannot afford legal services, which can lead them to give up on their initiatives or form organizations without appropriate legal structure or compliance in place. Therefore, lawyers and city governments should collaborate to ensure that community members’ legal needs are met when they seek to form new organizations to build resilient economies.

**Level 4: Universal Systems of Provisions**

Finally, communities can lay strong foundations for resilience by building universal systems of provision. By “universal,” I mean that everyone in the community is offered access, which is different than many types of organizations described above, where access is generally confined to a particular group of people. Communities, cities, and governments already provide a wide variety of such systems, including roads, public education, and so on. To ensure that everyone will be able to meet their basic needs as we transition to resilient economies, it is important to create other universal systems, such as:

- Community-wide bike sharing and carsharing programs
- City or state owned banks
- Improved public transportation
- Universal healthcare
- Universal basic income (a small monthly or annual income paid to each individual by the government)
Currently, the emergence of resilient economies is stifled by the fact that many people work excessive hours and can barely earn enough money to pay rent or feed their families. However, if every person could feel secure in knowing that his or her basic needs will be met through such universal systems, everyone will have much more stable foundation on which to take risks, experiment with new ways of consuming and producing, form new types of organizations, and spend time building community and doing more for one another.

**Conclusion:**

The four levels described above are each critical to the transition to resilient economies, and we must work on each level simultaneously. Each level requires that both citizens and governments take initiative, and that not-for-profit and cooperative organizations serve as primary containers of new economic activities. In particular, governments can work to remove legal barriers and build incentives to organizations designed to create stable local sources of food, jobs, housing, energy, water, and other vital components of thriving communities.
Policies For Shareable Cities
2) A Sharing Economy Policy Primer For Urban Leaders

Janelle Orsi

PREFACE

In 2009, we first wrote about shareable cities at Shareable, a leader of the global sharing movement:

Cities are where we gather, in part, to share basic infrastructure, to socialize, to satisfy our human instinct to congregate, to make culture together. The call for Shareable Cities simultaneously inspires us to imagine a transformed urban culture but also to notice the invisible ways we already share life all the time.

- Chris Carlsson, Shareable author

We believed then as we do now, that the sharing economy can democratize access to goods, services, and capital – in fact all the essentials that make for vibrant markets, commons, and neighborhoods. It’s an epoch shaping opportunity for sustainable urban development that can complement the legacy economy. Resource sharing, peer production, and the free market can empower people to self-provision locally much of what they need to thrive.

Yet we’ve learned that current U.S. policies often block resource sharing and peer production. For example, in many cities, laws do not allow the sale of home-grown vegetables to neighbors, donation-based ridesharing services, or short-term room rentals. Even when legacy institutions are failing to serve, which is increasingly the case, citizens are not free to share with or produce for each other. New policies are needed to unlock the 21st Century power of cities as engines of freedom, innovation and shared prosperity.

In 2011, we partnered with the Sustainable Economies Law Center (SELC) to publish a 15-part series on policies for shareable cities. It was the first published exploration of the topic. This primer is a culmination of that work. As always, SELC did the bulk of the legal research and writing. Shareable contributed editorial direction, project management, and funding. Together we offer
you a curated set of policy recommendations on four pocket-book issues and priorities of mayors everywhere – transportation, food, housing, and jobs.

In addition, this primer reflects input from dozens of leaders from the worlds of law, government, urban planning, business, and alternative economics. We believe the recommendations appeal to different political orientations and sectors of society. And while the primer focuses on what we know best – policies in U.S. cities – we believe that the examples are relevant to cities the world over.

As we welcomed diverse input to the primer, we welcome your involvement too:
Stoke the conversation. Share the primer on social media with the hashtag #PFSC. Join the conversation on Shareable here. Add your observations and critiques. Above all, advocate for the policies you believe will help your city. You’ll join a growing number of people working to democratize urban economies around the world. Please join our mailing lists here and here to connect to this community.

INTRODUCTION: CITIES AND THE SHARING ECONOMY

Cities are built for sharing. It’s what makes cities engines of prosperity, innovation, and cultural exchange. Well connected cities have the unique capacity to raise per capita production and innovation while using dramatically less energy. For this reason, cities may be our best hope for achieving widespread prosperity within the earth’s natural limits.

Today, new circumstances have created an unprecedented opportunity to amplify cities as platforms for sharing. People are already acting on this opportunity. Driven by economic need and empowered by new technologies, they’re creating new, more resilient ways of providing food, jobs, housing, goods, and transportation for themselves and each other in cities.

This is the sharing economy. It is characterized by an explosion of practices such as carsharing, ridesharing, cooperatives, community farms, shared housing, shared workspaces, and a multitude of new micro-enterprises made possible by platforms that connect supply and demand at the peer-to-peer level.
This marks a significant departure from the ways that Americans have met their material needs over the last century. For example, instead of buying cars— and using valuable city space to park them— people are sharing cars, thereby reducing burdens on citizens, city infrastructure, and the environment. Instead of relying upon emergency rooms, preventative eldercare can be delivered through a peer-to-peer marketplace or a time dollar program. Instead of using hotels when traveling, they are choosing to stay in the homes of private citizens through the use of peer accommodation markets.

The sharing economy has deep implications for how cities design urban spaces, create jobs, reduce crime, manage transportation, and provide for citizens. As such, the sharing economy also has deep implications for policy making. The sharing economy challenges core assumptions made in 20th century planning and regulatory frameworks— namely, that residential, commercial, industrial, and agricultural activities should be physically separated from one other, and that each single family household operates as an independent economic unit. The sharing economy brings people and their work back together through sharing, gifting, bartering, and peer-to-peer buying and selling. City governments can increasingly step into the role of facilitators of the sharing economy by designing infrastructure, services, incentives, and regulations that factor in the social exchanges of this game changing movement.

We believe that fostering the growth of the sharing economy is the single most important thing that city governments can do to boost prosperity and resilience in times of economic crisis and climate change. This is a guide for urban policy makers and planners who want the best for their cities.
I. SHAREABLE TRANSPORTATION

In the sharing economy, transportation is about accessibility, not ownership. By facilitating access to shared cars (carsharing), shared trips (ridesharing), and bikes (public bikesharing), cities can reduce road congestion and air pollution, reduce personal vehicle ownership and associated costs,¹ reduce parking demand, repurpose valuable land dedicated to parking spaces,² enhance mobility for those who do not own a car, and increase use of alternative modes of transportation like public transit, walking, or biking.³

Shareable transportation is a smart way to decrease our astounding levels of wasted and underutilized transportation resources. Privately owned vehicles in the U.S. sit idle more than 90% of the day, on average;⁴ carsharing reduces this waste while increasing car access.⁵ Ridesharing fills empty seats in private vehicle trips reducing road congestion and parking demand. Bikesharing systems around the world have increased cycling populations and supported a modal shift from motor vehicle travel to cycling,⁶ increasing transit connections and use, decreasing greenhouse gas emissions, and improving public health.⁷ These solutions convey noteworthy economic, time, public health, and environmental cost savings both to users and to cities.

⁵ Cervero, Robert, “TOD and Carsharing: A Natural Marriage,” ACCESS, Vol 35 P. 28 (Fall 2009).
Carsharing can take several forms. Models range from Personal Vehicle Sharing, or “Peer-to-Peer” (P2P), where individuals share access to personal vehicles in order to offset the costs of ownership, to “Business-to-Consumer” (B2C), where carsharing companies make their fleet of vehicles available to members of that service. Carsharing can be administered casually, such as by a group of neighbors who purchase a car for shared use, or it can be administered formally, such as by for-profit companies, governments, or nonprofits that own and operate a fleet of vehicles available to members at unattended access points throughout a region.

Ridesharing has recently been made simpler and more streamlined than ever, thanks to technological innovations that make it efficient to find a shared ride. Ridesharing can be facilitated in a variety of ways, including by nonprofit ride matching sites, ridesharing companies, employers, neighborhoods, and casual carpooling.

Public Bikesharing is an efficient, environmentally sound, and economically feasible form of public transportation that can even offer public health benefits. Intended for short distance trips between 0.5 to 3 miles, bikesharing systems allow flexibility to rent and return bicycles at any station across the region served and thereby facilitate one-way travel. Bikesharing addresses the "first and last mile" conundrum that is a challenge for public transit users and planners alike. Bikesharing systems can be privately-operated, publicly owned and operated, and even run by community-focused non-profits.

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Shareable transportation is growing globally\(^{13}\) – and for good reason. It’s time for more cities to hop on board and reap the benefits. That said, the above recommendations should not be seen as a replacement for continued investment in public transportation such as subways, light rail, and bus. The new modes reviewed above should be integrated into transportation planning, complement if not stimulate use of existing public transportation, and offer the public additional transportation choices.

WHAT STEPS CAN A CITY TAKE TO PROMOTE SHAREABLE TRANSPORTATION?

1. DESIGNATED, DISCOUNTED, OR FREE PARKING FOR CARSHARING

We recommend that cities designate parking spaces for carsharing vehicles, particularly near public transit facilities and multi-unit housing.

Carsharing users most commonly cite convenient locations and guaranteed parking as major motivation for participation, and carsharing operators most commonly cite lack of access to a dense network of parking spaces for carsharing as a limit to expansion.\(^{14}\) Cities can therefore increase carsharing participation by making parking spaces available for shared vehicles both on streets and in off-street public lots and garages.\(^{15}\)

City policies can include:
(a) provisions for on-street parking
(b) exemptions to parking time limits
(c) creation of carsharing parking zones
(d) free or reduced cost parking spaces or parking permits
(e) universal parking permits (i.e., carsharing vehicles can be returned to any on-street location)
(f) formalized processes for assigning on-street parking spaces\(^{16}\)

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\(^{14}\) Id.


\(^{16}\) Id.
Close proximity of a carsharing vehicle relieves many households from needing a second car or from owning a vehicle altogether. The shared vehicle can be administered by a condo-owners’ association or apartment management, or by a third party carsharing program.

Examples

Washington, D.C.: D.C. began offering free on-street parking spaces to carsharing operators in 2005 and later auctioned 84 curbside spots to three operators, generating almost $300,000 in revenue. This pioneering parking strategy was a “win-win” for the city and carsharing providers, and added convenience for carshare users.¹⁷

San Francisco, CA: On July 1, 2013, San Francisco will extend its earlier six month on-street carshare parking pilot as a part of the SFMTA’s proposed carsharing policy.¹⁸ The idea behind leasing parking spaces to carsharing operators in densely populated areas is to increase visibility and accessibility of carsharing.²⁰ Meanwhile the bulk of carsharing parking is provided off-street in municipal parking lots at a discounted carpool rate(approximately 50% of the full monthly rate).²⁰

2. INCORPORATE CARSHARING PROGRAMS IN NEW MULTI-UNIT DEVELOPMENTS

We recommend that cities subsidize, incentivize, or require carsharing programs in new multi-unit developments.

Close proximity of a carsharing vehicle relieves many households from needing a second car or from owning a vehicle altogether.²¹ The shared vehicle can be administered by a condo-owners’ association or apartment management, or by a third party carsharing program.

Examples

San Francisco, CA: The city’s Planning Code now requires that newly constructed buildings provide permanent carshare parking spaces and that certain nonresidential developments dedicate five percent of their parking spaces to “short-term, transient use by vehicles from certified car sharing

organizations” or other similar “co-operative auto programs.”²² Ordinance 286-10 authorizes the Planning Commission to require developers or project owners to pay annual carsharing membership fees for residents of new developments.²³ In addition, the city granted a variance to construct the 141-unit Symphony Towers apartments with only 51 parking spaces (as opposed to the otherwise required 141), in part because of the commitment for two carsharing parking spaces and because the tenants were to pay extra for the use of a parking space, thereby disincentivizing car ownership.²⁴

3. ALLOW RESIDENTIAL PARKING SPOT LEASING FOR CARSHARING
We recommend that cities allow residents to lease residential parking spaces for the purpose of parking shared vehicles.

By allowing residential driveways and parking spaces to be leased as an accessory or permitted use of a residential property, cities can enable homeowners to earn supplemental income for unused or underutilized residential parking, and create room for the growth of carsharing.

4. APPLY MORE APPROPRIATE LOCAL TAXES ON CARSHARING
We recommend that cities more closely align taxes on carsharing with the general sales tax for other goods and services.

Unreasonably high fees and taxes – originally intended to extract revenue from car rentals of airport travelers – are disproportionately affecting local carsharing users²⁵ slow the growth of carsharing.²⁶ Policymakers should use codified definitions or certification processes to distinguish between traditional car rental companies and carsharing organizations and ensure that only organizations generating significant public benefits would receive reduced taxation.²⁷ At the very least, cities should make carsharing tax exempt in lower income urban areas with disadvantaged populations.

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²² San Francisco Planning Code Section 166(d)(1).
²⁷ id
and high unemployment; foregoing tax revenue in these areas may be a small price to pay for the mobility benefits that sharing vehicles provides underserved residents.²⁸

Examples

Chicago, IL, Boston, MA, and Portland, OR: These cities have made noteworthy efforts to lower carsharing tax rates with political success. They make distinctions between carsharing and traditional car rental in their municipal codes.”²⁹

5. CREATE ECONOMIC INCENTIVES FOR RIDESHARING

We recommend that cities create and promote economic incentives for ridesharing, like high-occupancy vehicle (HOV) lanes, designated or discounted parking, or waived or reduced tolls.

Cites can encourage carpooling by building or expanding HOV lanes along high-traffic routes. Demand for ridesharing typically exists along routes where carpooling lanes offer significant time savings or allow carpoolers to take advantage of direct economic incentives like waiver of tolls and discount parking.³⁰

6. DESIGNATE RIDESHARING PICK-UP SPOTS AND PARK-AND-RIDE LOTS

We recommend that cities help meet demand for ridesharing by designating convenient locations as casual carpool pick-up spots and park-and-ride lots.

For decades, casual carpool, or “slugging,” has been taking place in U.S cities with congested roadways, including in Washington, D.C, Houston, Seattle, and in areas where HOV lanes offer significant travel time reduction in peak travel times, like the San Francisco-Oakland Bay Bridge.³¹

Designating ridesharing pick-up spots is as easy as putting up a sign near a congested thoroughfare or freeway onramp to encourage carpoolers to gather, connect with drivers going the same way, and take advantage of the time and cost savings of HOV lanes.

²⁸ id
²⁹ id
In cases where ridesharing is not possible for one’s entire commute, park-and-ride lots make it possible for commuters to park and consolidate into fewer vehicles before embarking on the remainder of their trip. In many cases, cities do not even need to build new parking for this purpose, but could rather contract with parking lots that are typically not used during weekdays, such as church parking lots.

7. CREATE A LOCAL OR REGIONAL GUARANTEED RIDE HOME PROGRAM

We recommend that cities and regional agencies offer a Guaranteed Ride Home program to serve carpoolers in the event of unexpected emergencies.

Many people choose not to carpool because they feel insecure about the fact that they cannot leave work at any time in case of emergency. Cities and regions with Guaranteed Ride Home programs give carpoolers peace of mind by covering the cost of a taxi ride or rental car in the event of emergencies or in case of an unexpected departure of the carpool partner(s).

Examples

Minneapolis, MN: The Guaranteed Ride Home program offers four rides or up to $100 (whichever comes first) each year to commuters who ride the bus, light rail, or carpool, vanpool, bicycle or walk to work or school at least three times per week.³²

Other Cities with Similar Programs: Atlanta (five free rides per year)³³, Baltimore/Central Maryland/D.C. Area (four per year)³⁴, Alexandria, Virginia (four per year)³⁵, Los Angeles (two per year)³⁶, and many other cities.

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8. ADOPT A CITY-WIDE PUBLIC BIKE SHARING PROGRAM
The most common reason for not bicycling is lack of access to a bicycle.³⁷ We recommend that cities create and manage city-wide bike sharing programs to provide that access.

Bikesharing programs enable individuals who may otherwise not use bicycles (i.e. tourists, individuals who do not own a bicycle, or those who do not have access to bicycle storage) to enjoy the benefits of cycling on an “as-needed” basis and without the responsibility of ownership.³⁸

Sample Bikesharing Funding Strategies
Washington, DC: The $6M Capital Bikeshare program is funded by the U.S. Department of Transportation’s Federal Highway Administration under their Congestion Mitigation and Air Quality Improvement fund and other local funding.³⁹

Minneapolis-Saint Paul, MN: Funding for the initial $3 million capital cost of launching Nice Ride included $1.75 million from the federal Nonmotorized Transportation Pilot Program administered by Bike Walk Twin Cities and Transit for Livable Communities (TLC), as well as $1 million of tobacco settlement proceeds from Blue Cross and Blue Shield of Minnesota, and $250,000 from the Minneapolis Convention Center fund.⁴⁰

Boston, MA: Boston’s Hubway bikeshare program is completely funded by grants totaling $4.5 million including $3 million from the Federal Transit Administration (FTA), $450,000 from the Boston Public Health Commission (BPHC) and $250,000 from the Metropolitan Planning Organization’s Congestion Mitigation and Air Quality (CMAQ) grant program.⁴¹

Denver, CO: Initial funding for B-Cycle came from a $1 million donation from the Denver 2008 Convention Host Committee, and Kaiser Permanente granted a three-year $450,000 grant. Additional

³⁸ "Bikesharing," University of California, Berkeley Transportation Sustainability Research Center, http://tsrc.berkeley.edu/bikesharing.
⁴⁰ Id.
⁴¹ id
contributions came from key private foundations and corporations, making Denver B-Cycle entirely independent from city tax dollars.⁴²

Recommended Guide: The FHA’s definitive 2012 guide for feasibility, implementation and evaluation of bikesharing operations in the U.S.⁴³

⁴² id
II. FOOD AND THE SHARING ECONOMY

In a sharing economy, individuals look less to big chain stores to meet their food needs, and look more to each other. Food travels fewer miles between producers and consumers, making fresher, tastier, and often healthier food more accessible to city residents. Urban farms, food gleaning programs, community-supported food enterprise, home-based food enterprise, mobile vending, and shared commercial kitchens build food economies based on local production, processing, and exchange. This approach promotes health, local jobs, and community interaction, while reducing the environmental degradation, food insecurity, health risks, and unequal access associated with industrial agriculture and disjointed food systems. Cities can play a major role in removing legal barriers and facilitating the transition to community-based food production.

HOW CAN A CITY HARNES THE SHARING ECONOMY TO EXPAND LOCAL FOOD PRODUCTION AND IMPROVE ACCESS TO GOOD FOOD FOR ITS RESIDENTS?

1. ALLOW URBAN AGRICULTURE AND NEIGHBORHOOD PRODUCE SALES

We recommend that cities allow and encourage urban agriculture by removing zoning barriers to growing and selling produce.

Urban agriculture has a long history in America, but increasing evidence of its benefits has expanded urban agriculture into a spectrum of farming practice ranging from non-commercial community gardens to commercial market farms. Because many city zoning laws pose a challenge to urban food production and sale, some cities have taken concrete steps to encourage these activities.

Examples

San Francisco, CA: San Francisco created a new land use category called “Neighborhood Agriculture” and permitted the activity in most residential, commercial, and industrial areas. This allows community gardens, community-supported agriculture, market gardens, and commercial farms of less than one acre to sell or donate their produce. The ordinance also outlines rules for greenhouses, compost, fencing, and use of heavy machinery, and allows produce grown in a municipally defined “market garden” to be sold on-site during certain hours of the day as long as the sales occur outside the home.

Oakland, CA: In 2011, Oakland amended the Home Occupation Permit rules to enable the sale of food crops grown on residential properties.

Seattle, WA: Seattle permits urban farms of any size to sell produce grown on the premises in all zones, so long as neighborhood livability requirements and standards are met. These standards include provisions that retail sales and related public activities occur between 7 a.m. and 7 p.m., that deliveries may only occur once per day, and that vehicle and parking limits be observed.

Philadelphia, PA: In 2012, Philadelphia implemented a new zoning code that defines urban agriculture in four subcategories: community gardening, market and community-supported farming, horticultural nurseries or greenhouses, and animal husbandry. Under the new code, community gardening is permitted in all zoning districts. Market and community-supported farms are permitted almost as broadly, but require a special review in certain districts.

2. FINANCIAL INCENTIVES TO ENCOURAGE URBAN AGRICULTURE ON VACANT LOTS

We recommend that cities provide a tax credit to property owners who farm vacant or under-utilized lots, as such activities create food sources, economic opportunity, and civic engagement in otherwise blighted areas.

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45 id
47 Oakland Planning Code § 17.112
49 id
A recent study from the University of Pennsylvania School of Medicine showed that community gardens contribute to an increased sense of safety in neighborhoods, and are associated with a decrease in crime in surrounding areas.\textsuperscript{52} Tax credits create an attractive incentive for property owners to open their land to community gardening or urban farming uses, with desirable public health and safety outcomes for cities.

**Examples**

**Maryland:** Maryland passed a bill allowing municipalities to provide a tax credit for real properties used for urban agriculture.\textsuperscript{53} To be eligible for the tax credit, urban real property in a “Priority Funding Area,”\textsuperscript{54} between one-eighth of an acre and two acres in size, must be used exclusively for agriculture.\textsuperscript{55}

**Philadelphia, PA:** Philadelphia utilizes a carrot and stick approach for owners of vacant and abandoned lots – assessing a yearly vacant lot registry fee, which is reduced if the land is cultivated and which may be eliminated altogether if the garden is registered under the new zoning code.\textsuperscript{56} Philadelphia also charges higher fees on properties if they have a greater area of impervious surface, recognizing that all impervious surfaces generate runoff that overtaxes the storm water drainage system.\textsuperscript{57} This incentivizes all property owners in the city to decrease pavement where possible, and indirectly incentivizes creation of gardens.


\textsuperscript{52} id


\textsuperscript{54} Priority Funding Areas are those areas that Maryland state and local governments have designated for encouragement and support of economic development and new growth, including the entire area inside the Washington and Baltimore Beltways and urban and dense suburban locations. Pearce, Will, “Maryland General Assembly 2010 Session: A Summary of Green Building-Related Legislation,” Green Building Law Brief. Available at: http://greenbuildinglawbrief.blogspot.com/2010/04/maryland-general-assembly-2010-session.html.

\textsuperscript{55} id

\textsuperscript{56} See generally: Philadelphia Code, Title 14 Zoning and Planning.

\textsuperscript{57} Gardens and other open spaces can get a credit for up to 80% pervious surface, but are still currently charged a minimum stormwater fee, even if they are 100% pervious. “Stormwater Billing,” Philadelphia Water Department (2012), http://www.phila.gov/water/Stormwater_how.html.
3. CONDUCT LAND INVENTORIES
We recommend that cities conduct or support land inventories that explore the potential for food cultivation on unused land.

Beginning in World War I, land surveys have been used in the United States to identify optimal urban and suburban farming land. The National War Commission used the slogan “put the slacker lands to work,” implying that any tillable lands not being used for food production were slacking off. During World War II, individuals and families produced up to 44 percent of the country’s vegetables in “victory gardens.”

Examples
San Francisco, CA: In 2009, former Mayor Gavin Newsom issued a directive asking the city “to conduct an audit of unused land—including empty lots, rooftops, windowsills, and median strips—that could be turned into community gardens or farms.”

Portland, OR: In 2004, the city council unanimously passed Resolution 36272 calling for an inventory of city-owned lands suitable for agricultural uses. The end result was a publication entitled “The Diggable city: Making Urban Agriculture a Planning Priority.”

4. UPDATE THE ZONING CODE TO MAKE “FOOD MEMBERSHIP DISTRIBUTION POINTS” A PERMITTED ACTIVITY THROUGHOUT THE CITY
We recommend cities allow food distribution points in order to increase access to local food while protecting zoning interests.

Community Supported Agriculture programs (CSAs) are an essential component of a robust food economy and an effective way for small, sustainable farmers to get their products to consumers.

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60 id

61 Available at: http://www.community-wealth.org/content/diggable-city-making-urban-agriculture-planning-priority.
During regular delivery of fresh produce to distribution points within cities, a CSA farmer may leave 30 boxes of produce at one CSA member’s home, and allow the remaining 29 members to get their box at their convenience. Such distribution points are vital for the localization of food systems, but many city zoning laws prohibit this out of concern for neighborhood traffic and in order to preserve the character of residential areas. However, by adopting guidelines for food distribution points, cities can address these concerns and simultaneously support food distribution points.

Examples

**Portland, OR:** In 2012, Portland updated its zoning code to make food distribution an accessory use in all zones. CSA supporters, food buying clubs, and market gardens lobbied for the code change to ensure diverse methods of food access. In order to preserve the character of neighborhoods, the ordinance delineates the types of food distribution activities that are allowed, and includes regulations addressing the size and frequency of distribution, hours for pick-up, and locations for outdoor activities.⁶²

**5. ALLOW PARKS AND OTHER PUBLIC SPACES TO BE USED FOR FOOD SHARING**

We recommend that cities remove restrictions on food sharing in public places because these rules only criminalize the poor, burden our public institutions, and reduce a community’s capacity to respond to local hunger.

One in six Americans experiences hunger and food insecurity. The problem is not one of insufficient supply, but of insufficient access. Many city ordinances restrict food sharing in public places even when so many go hungry. Allowing people to share food publicly is an opportunity to build community and ensure that fewer people are struggling to find their next meal.

Examples

**Ft. Myers, FL:** In 2007, Ft. Myers attempted to implement an ordinance that would limit food sharing in public parks. The city abandoned the ordinance after receiving a negative public response, and

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inadequate food sharing. Out of this collaboration came a Hunger Task Force which coordinates public food sharing efforts.\textsuperscript{63}

6. CREATE FOOD-GLEANING CENTERS AND PROGRAMS

We recommend that cities support the establishment of food gleaning and redistribution centers to reroute some of the 40% of food Americans throw away each year.

Food producers and distributors are responsible for a large portion of food waste. Gleaning centers consolidate and distribute nutritionally sound but non-commercially viable food to people in need.\textsuperscript{64}

Examples

Iowa City, IA: The public school district in Iowa City received funding from the USDA to test a food gleaning initiative. In order to allow safe and easy transportation of recovered food, they used the money to purchase transport pans and carriers, a freezer to store their frozen food, and training materials on safe handling procedures for the staff and students.\textsuperscript{65}

7. MOBILE FOOD VENDING

We recommend that cities recognize mobile markets and food trucks as a low cost way for food entrepreneurs to enter the market, reach consumers, and create a diverse and resilient food economy.

New food businesses have high barriers to entry, including high rent, and build-out and permitting costs that often run in the hundreds of thousands of dollars.\textsuperscript{66} Allowing mobile vendors to sell fresh produce, value-added products, and meals not only reduces barriers to launching new food


businesses, it also provides diverse food options to consumers who might otherwise have limited choices.

Examples

**Chicago, IL:** An ordinance passed on June 6, 2012 allows licensed produce vendors to sell “whole and uncooked agricultural, plant-based items, including, but not limited to, fruits, vegetables, legumes, edible grains, nuts, spices, herbs and cut flowers” on moveable stands.⁶⁷ The city-funded Neighbor Carts program grew out of this decision: it helps get food into food deserts and creates new food vending jobs. Licenses cost $75, and the Neighbor Cart program provides carts for lease, training support, and a product-sourcing channel.⁶⁸

**Austin, TX:** Austin has developed a reputation for its vibrant food truck (or food cart) scene. Low barriers to entry and the city’s clear forms and instructions enables entrepreneurs with limited startup capital to try out food business ideas.⁶⁹

8. **ALLOW CERTAIN FOOD PRODUCTION ACTIVITIES AS A HOME OCCUPATION**

Cottage food industries (value added food products made in home kitchens) increase the viability of local produce and enable food producers to benefit from profit margins higher than those earned through sale of raw agricultural products.

Cottage food laws allow home-based food production of non-potentially hazardous foods like jams, baked goods, cereals, spices, and dried fruits. Cottage food operations are currently allowed in more than 30 states,⁷⁰ and can create an important source of income to help offset increasing costs of living, and the debilitating effects of growing underemployment.

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⁶⁸ See: http://streetwise.org/neighborcarts.


Examples

California Homemade Food Act: The state recently adopted a law that places a mandate on cities and counties to issue home business permits to individuals engaged in cottage food production.⁷¹

9. CREATE OR SUBSIDIZE SHARED COMMERCIAL KITCHENS

We recommend that cities create or subsidize local commercial kitchens that can be economic incubators for budding food enterprise.

Helping small businesses access commercial kitchens removes a major startup barrier.

Examples

New York, NY: Entrepreneur Space is a city-sponsored business incubator in Queens that helps food-related and general business start-ups across New York City.⁷² It is open 24 hours a day, and serves more than 100 entrepreneurs working to establish their businesses in New York. In its first two years, the incubator contributed an estimated $5 million to the local economy.⁷³

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⁷¹ Details of the legislation are available on the Sustainable Economies Law Center’s website at http://www.homegrownfoodlaw.org.
⁷² See: http://www.nycedc.com/program/entrepreneur-space.
III. SHAREABLE HOUSING

1. SUPPORT THE DEVELOPMENT OF COOPERATIVE HOUSING

We recommend that cities help form more housing cooperatives, which offer an effective, participatory approach to affordable housing that can boost urban innovation and resilience.

Resident-owned or nonprofit rental housing cooperatives offer a time-tested, affordable, and socially enriching alternative to private ownership and rental. Housing cooperatives can also boost the innovation and resilience of cities by making quality housing accessible to young entrepreneurs, students, low income families, artists, nonprofit workers, senior citizens, service workers, laborers, the disabled, and other low income populations.

Housing cooperatives can lower housing costs in a variety of ways including restrictions on profit from resale, self-management, nonprofit status, shared facilities, and subsidies. Limited equity cooperative housing can keep housing permanently affordable through legal restrictions on the financial gain on the future sale of shares. Cooperative housing can be developed from scratch or apartments can be converted to cooperative ownership through tenant buyouts.

Studies show that housing cooperatives provide other benefits like greater social support, smaller carbon footprints, reduced crime, increased civic engagement, better maintenance, and resident stability. They can also reduce foreclosures by offering large savings and spreading the financial burden over numerous people. Housing cooperatives have a long history of success and currently serve over 1.5 million U.S. households.

Because of the critical benefits housing cooperatives offer cities, we recommend that cities aggressively support their growth by offering: subsidies and accessible financing; density bonuses; fee waivers; waiver of burdensome development standards such as minimum parking requirements; waiver of burdensome administrative hurdles required of typical subdivisions; city-owned land for
long-term ground leases; support for formation of urban land trusts needed to train tenants as well as manage the land and agreements associated with housing cooperatives; and create city programs to give legal, financial and technical support to housing cooperatives.

**Examples**

New York City has long supported cooperative housing. In 1955, it initiated the Mitchell-Lama program which led to the creation of middle-income rental and limited-equity cooperative developments with 54,000 units. The Urban Homesteading Assistance Board (UHAB), established in 1974, has helped residents form more than 1,600 affordable, limited-equity housing cooperatives. Through a long-term contract with the city, UHAB provides residents with the seed money, technical assistance, legal advice, architectural plans, management training needed to build and run limited-equity housing cooperatives.

In order for cities to meet the need for affordable and ecologically sustainable housing, sharing must become part of the policy conversation. Shared housing facilitates the sharing of goods, energy, and other resources, which can reduce waste, traffic, and energy needs, increase public transit use, decrease car ownership, and limit the need for residential and public parking.\(^\text{74}\) Shared living arrangements can also increase density within existing urban areas, accommodating overall population growth\(^\text{75}\) and alleviating affordable housing shortages experienced in many U.S. cities.\(^\text{76}\)

There is a variety of ways in which people can share their living spaces, with arrangements ranging from living together within one housing unit to living in separate households and sharing spaces and amenities with neighbors.

Unfortunately, density restrictions, minimum lot and home size requirements, outmoded permitting and fee structures, parking space requirements, and other zoning barriers prevent cities from

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\(^{75}\) For example, it is estimated that over 23,000 new housing units per year are needed to meet population increases in the San Francisco Bay Area. “San Francisco Bay Area Housing Needs Plan 2007-2014,” Association of Bay Area Governments (June 2008).

\(^{76}\) Over the past few decades, homeownership in the United States has significantly decreased in the wake of real estate booms that have caused property values to appreciate at a rate that income levels have been unable to match. As a result, low and middle-income families are finding it extremely difficult, or have become entirely unable, to afford the purchasing and financing of family homes. Bartolf Milne, Julia, “Will Alternative Forms of Common-Interest Communities Succeed With Municipal Involvement? A Study of Community Land Trusts and Limited Equity Cooperatives,” Real Estate Law Journal P. 273 (Winter 2009).
benefiting from the range of shared housing models citizens may want to pursue. This section outlines policy recommendations that remove barriers to various shared housing models, including accessory dwelling units (also known as granny or in-law flats and second units), clustered tiny homes and micro-apartments, short-term stays for travelers, cohousing communities, and eco-villages – all of which harness the power of sharing to increase affordability and decrease our environmental footprints.⁷⁷

**WHAT STEPS CAN A CITY TAKE TO PROMOTE SHAREABLE HOUSING?**

2. FACILITATE THE CONSTRUCTION OF ACCESSORY DWELLING UNITS (ADUS)

We recommend that cities reduce fees and simplify permitting processes for adding new units to existing homes, often called accessory dwelling units (ADUs).

Additional housing units on parcels located in single-family residential and similar zones can provide relatively low-cost housing options and facilitate sharing of space and amenities. However, building ADUs is often cost-prohibitive due to high fees for zoning permits, connecting to essential utilities, or creating space for required parking under city zoning codes. Current permitting and fee structures typically incentivize the construction of large dwellings by charging based on the number of living units added instead of the square footage added or the ecological footprint of the addition. As a result, it is generally less expensive to build a new parlor than to turn the same space into a small studio apartment.

We recommend that cities amend traditional fee structures, streamline the permitting process, and ensure that zoning regulations pertaining to ADUs are easy to follow.

**Examples**

**Portland, OR:** Portland amended its ADU ordinance in 1998, relaxing development standards and eliminating minimum square footage and owner-occupancy requirements.⁷⁸ ADUs are permitted in every residential zone in the city and may be constructed on lots containing single-family homes if

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the ADU is smaller than the primary residence and under 800 square feet.

ADUs can be created either by converting an existing structure or by building an entirely new structure. When converting an existing structure, the city provides early assistance to support project development. The city does not impose additional parking requirements for the construction of ADUs. ADUs meeting the city’s applicable zoning requirements are permitted as-of-right without land use review, and the city provides a guide that describes ways to bring non-conforming ADUs into regulatory compliance.

Other examples: See Santa Cruz, California\(^ {79} \) and Barnstable, Massachusetts.\(^ {80} \)

### 3. ENCOURAGE THE DEVELOPMENT OF SMALL APARTMENTS AND “TINY” HOMES

We recommend that cities promote development of smaller homes including micro-apartments, tiny houses, yurts, container homes, and other humble abodes, which produce more affordable and sustainable housing options, and promote sharing.

Small dwellings help cities meet the growing demand for affordable housing. They are especially practical when clustered to enable shared space and amenities.\(^ {81} \) However, many cities have adopted International Residential Code requirements that a dwelling unit include a minimum of one room that is at least 120 square feet,\(^ {82} \) or cities may follow other state or local building or health and safety laws that impose minimum unit sizes.\(^ {83} \) We recommend that cities reduce minimum unit, room, and lot sizes to enable small dwellings, and we recommend that cities streamline permitting processes for clustered villages of yurts or tiny houses.\(^ {84} \)

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Zoning laws in many cities make it nearly impossible for people to host short-term guests in exchange for monetary compensation, because residential zones generally prohibit converting one’s house or apartment into a “place of business.” For example, in San Francisco, California, a resident is considered to have established an illegal hotel simply by charging a guest for a short-term stay, defined as fewer than 32 days.

We recommend that cities adopt more nuanced permitting policies and fee structures to allow short-term guests. To prevent residential units from becoming too hotel-like, cities could adopt policies that limit the number of paid houseguests per year, limit the number of guest nights, or cap each household’s gross income from short-term rentals at, for example, no more than 50 percent of the monthly costs associated with the unit. These provisions recognize that the purpose of sharing is not necessarily to profit, but, rather, to offset the cost of housing.

4. ALLOW SHORT-TERM RENTALS IN RESIDENTIAL AREAS

We recommend that cities permit residents to use their homes for short-term renters or guests as a way to diversify local tourism opportunities and to help residents offset high housing costs.

Examples

San Francisco, CA: The city recently approved an ordinance to reduce minimum dwelling unit size from 290 square feet down to 220 square feet, and to allow construction of up to 375 such tiny apartment units.⁸⁵

Palm Desert, CA: A 2012 ordinance⁸⁷ provides for the licensing of residential property for short-term rentals. Any property rented for three to twenty-seven days must obtain a special Rental Permit.

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⁸⁵ Ordinance Name: “Planning Code - Efficiency Dwelling Units - Numerical Cap and Open/Common Space Requirements,” File Number 120996, final action December 7, 2012


($25) on an annual basis and must remit a nine percent Transient Occupancy Tax to the city. The regulations require on-site parking for short-term renters, compliance with the city’s noise ordinance, a round-the-clock contact person who can respond to neighbor complaints, and a limit on the maximum number of guests (two people per bedroom). Such restrictions are intended to alleviate concerns regarding noise, congestion, and other neighborhood disturbance.⁸⁸

Cape Elizabeth, ME: The city’s 2013 short-term rental ordinance⁹⁰ establishes a permitting process, requires health and safety inspections, restricts the number of guests, and limits each separate rental period to seven days. The regulations create a detailed complaint process, and include a $50 permit fee.

5. REDUCE ZONING RESTRICTIONS ON CO-HABITATION

We recommend that cities amend or remove any zoning laws that restrict co-habitation in order to facilitate more affordable, sustainable, and shared housing.

Many city zoning ordinances limit the number of unrelated people who may live in a housing unit, and we recommend that cities lift all such limits in order to allow for a broader range of living arrangements.

Examples

Mental Health Advocacy Services, Inc. has issued a set of recommendations for how cities can redefine family and occupancy standards to better include contemporary families and living needs. For example, cities should eliminate distinctions between related and unrelated individuals for the purpose of occupancy standards and repeal numerical limits on the number of unrelated people who may live together.⁹⁰

6. CREATE NEW ZONING USE CATEGORIES AND INCREASE PERMITTING FOR COHOUSING AND ECO-VILLAGES

We recommend that cities establish zoning ordinances that enable the creation of cohousing and eco-villages, which facilitate more affordable and sustainable growth and development.

In comparison to conventional single-family homes, which can be resource-intensive and costly, cohousing allows people to share assets, save money, conserve resources. “Cohousing” typically refers to a community where people live in separate units but share common spaces such as a large kitchen, living room, dining room or office. The use of shared facilities allows for smaller, and therefore more affordable, individual units. It also facilitates sharing transportation, childcare, household goods, and food, which helps, reduce costs further while strengthening community ties.

Eco-villages are communities created by groups of individuals who intend to live healthy and sustainable lives by reducing their environmental impact and living cooperatively with others. Eco-villages often include community gardens, alternative energy generation, and other environmentally sustainable practices in addition to shared housing. There are hundreds of eco-villages in over seventy countries on six continents.91

Contemporary U.S. zoning policies and density restrictions often impede the development of cohousing and eco-villages for a variety of reasons.92 We recommend that cities allow increased density, even in single-family residential zones, when a proposed development demonstrates that it will mitigate some of the negative impacts of density, such as limiting waste, lowering energy needs, limiting new traffic, and decreasing the number of parked cars.

Examples
Amherst, MA: Amherst’s zoning ordinance supports the creation of cohousing communities through Open Space Community Developments(OSCD), which “allow organized groups of households to construct dwelling units and common facilities for their collective and individual ownership and

91 Taggart, Jonathan, “Inside an eco-village: born of aligned ecological values and design, eco-villages are found in over 70 countries around the world,” Interactive Business Network Resource Library (2009).
use.” An OSCD may contain a mixture of housing types as well as incorporate non-residential uses that are compatible with and supportive of residential development. The zoning code states that OSCD development is “flexible in nature and allows for modifications of lot size, bulk or type of dwelling, density, intensity of development, or required open space.” In addition, the zoning code provides density bonuses for OSCDs that incorporate affordable dwelling units.

**Canada:** Yarrow Eco-Village and O.U.R. Eco-Village, both in British Columbia, Canada, successfully petitioned their respective municipalities for rezoning by persuading their jurisdictions to take into account the low impact of eco-villages in comparison to typical housing developments. In 2003, Shawnigan Lake approved the creation of O.U.R. Eco-village on land previously designated as a Secondary Agricultural Zone. The successful rezoning of the space to a Comprehensive Development Zone allowed the group to create multiple dwellings, an organic farm, a food production facility, and to offer ecological restoration and education programs. In 2004, the Chilliwack City Council approved the first official “Eco-village Zone,” re-designating Yarrow Eco-village’s land, previously zoned “rural residential.” This enabled the community to create forty individual residences, a community building with extensive amenities, an organic farm, an education center, and small cottage industries, none of which would have been permitted within the confines of a rural residential zone.

**Bloomington, IN:** Plans to create Bloomington Cooperative Plots Eco-Village (also known as Dandelion Village) on 2.23 acres of land were initially halted because the eco-village was not permitted under Bloomington’s residential single-family zone in which the land was located. Dandelion members revised the proposal and reduced the number of proposed housing units, and the city ultimately approved rezoning for the development of a mixed cooperative housing community for up to thirty unrelated adults, plus children; the plan included installation of renewable energy sources and preservation and restoration of native habitats.

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7. FACTOR SHARING INTO THE DESIGN REVIEW OF NEW DEVELOPMENTS

We recommend that cities adopt policies to encourage that new housing developments foster sharing and resident interaction.

Given the benefits of shared living to both individuals and communities, we recommend that cities require that new housing developments undergo a design review to ensure that the proposed development fosters local interaction and sharing. For example, cities can require or incentivize clustering housing around central courtyards, and they can require the inclusion of common areas and common houses designed for shared activities such as laundry, meals, children’s play areas, wellness areas, workspaces, and other communal events. Further, cities can encourage more mixed-use developments, which bring commercial and housing needs together in one place—reducing traffic and parking needs by allowing residents to walk to essential businesses and services.

Examples

London Grove Township, PA: London Grove Township’s zoning ordinance “encourage[s] the development of environmentally and socially sustainable and responsible neighborhoods” and recognizes that specific design standards are essential in meeting this goal. The code thus sets standards for development of an Eco-Village, including the design and structure of individual residential units, carports, and common houses as well as setback, height, access roads, and construction methods and design.

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IV. JOB CREATION AND THE SHARING ECONOMY

The sharing economy offers enormous potential to create jobs. Sharing leverages a wide variety of resources and lowers barriers to starting small businesses. Cities can lower the cost of starting businesses by supporting innovations like shared workspaces, shared commercial kitchens, community-financed start-ups, community-owned commercial centers, and spaces for “pop-up” businesses. Cities can also lower permitting barriers for home-based micro-enterprises.

Sharing is also at the heart of the employment model that is designed to keep wealth and jobs in the community: cooperatives. In the age of global economics, where even money spent locally can quickly slip from local communities, fostering cooperative enterprise creates local jobs that are rooted securely in the community. Just as important, cooperative jobs are likely to be good jobs that value dignity, creativity, democracy, and fair pay. These qualities are among the reasons co-ops are widely acknowledged as being more viable, more resilient, and healthier for their communities than conventional businesses.¹⁰⁰ Supporting the growth of cooperatively-owned enterprises may be one of the most important things that a city can do to support stable, fair paying, local job creation.

On the surface, cooperatives may look like conventional businesses, but cooperatives stand apart from traditional enterprise on two major counts:

¹⁰⁰ In Quebec, the survival rate for new cooperatives after five years is 62%, as compared with 35% for all businesses. Even after ten years, cooperatives show more resilience, with a survival rate of 44% compared with 20% for all businesses. “Survival Rate of Co-Operatives in Québec,” Ministry of Economic Development, Innovation, and Export in Québec (2008), http://ccdnet-rcdec.ca/files/ccednet/pdfs/2008-Quebec_Co-op_Survival_Report_Summary.pdf. There is also evidence that co-ops – food co-ops in particular – contribute to a stronger local economy. They do so by supporting other local businesses (“for every dollar spent at a food co-op, $0.38 is reinvested in the local economy compared to $0.24 at conventional grocers”) and providing higher wages (“co-op employees earn an average of nearly $1.00 more per hour than conventional grocery workers when bonuses and profit sharing are taken into account.”) “Healthy Foods, Healthy Communities: Measuring the Social and Economic Impact of Food Co-Op,” National Cooperative Grocers Association (2012), https://www.ncga.coop/node/5176.
1) **Accountability to Members, not to Absentee Shareholders:** A cooperative’s Board of Directors is elected – on a one-member, one-vote basis – by the members of that cooperative, who are typically either the workers or customers (or both) of the business. Unlike conventional businesses that gravitate toward decisions that benefit absentee shareholders, cooperatives are nearly guaranteed to make decisions that serve the interests of local workers and customers.

2) **Profits are Shared on the Basis of Patronage, not Capital Ownership:** Unlike traditional businesses, which distribute profits to shareholders on the basis of the relative size of shareholders’ capital ownership, cooperatives distribute profits to members on the basis of each member’s contribution to the cooperative’s work or business – also known as “patronage.” In a worker cooperative, patronage is measured by the value of work contributed by the member or by the number of hours worked. In a consumer cooperative, patronage is measured by the value or quantity of purchases made by the customers. In this way, wealth spreads within the community instead of leaking to shareholders outside of the community.

**HOW CAN A CITY HARNESS THE SHARING ECONOMY IN ORDER TO CREATE JOBS AND DEVELOP ENTERPRISE?**

**1. EXPAND ALLOWABLE HOME OCCUPATIONS TO INCLUDE SHARING ECONOMY ENTERPRISE**

*We recommend that cities expand allowable home occupations to include “nano-enterprises” characteristic of the sharing economy, or define such “nano-enterprises” as accessory uses of residences.*

The sharing economy has enabled an explosion of home-based “nano-enterprises,” which are income generating activities made possible by communities and technologies that connect people to provide for each other in new ways – allowing one person to rent household goods to another, to rent a room to a traveler, to rent a car to a neighbor, to charge for the use of a parking space, or to exchange goods and services at the neighborhood level. Unfortunately, many zoning codes are designed to separate home life from commercial life, making it illegal for many people to benefit from the sharing economy and generate income at home.

*We recommend that cities begin to survey the many ways in which residents are able to supplement*
their incomes in the sharing economy\textsuperscript{101} and adopt policies that ensure that the zoning code either allows the activity as an accessory use of a residence, or that business licenses and zoning approval will be granted when such activities are at a scale unlikely to impact the intended quality of the neighborhood. See the Food and Housing sections of this publication for examples of ways that cities have granted citizens the ability to operate small-scale home businesses in the sharing economy.

2. REDUCE PERMITTING BARRIERS TO ENTERPRISES THAT CREATE LOCALLY-CONTROLLED JOBS AND WEALTH

We recommend that cities reduce permitting barriers and fees, and prioritize conditional use permitting for shared workspaces, cooperatives, community-owned businesses, and other projects that create locally-controlled jobs and local wealth.

Cities can create locally-controlled jobs and local wealth retention by lowering permitting fees and granting priority business licenses and zoning approval to projects that a) demonstrate that they will create opportunities for a large number of start-up enterprises, b) are cooperatively owned, or c) will be predominantly owned by a broad range of local community members. Any business that is owned by a broad range of local community members – either through a cooperative model or through local crowdfunding and direct public offerings – guarantees that the profits of the business will spread throughout the city and re-circulate locally. Shared workspaces, kitchens, and machine shops enrich a city by giving residents low-cost access to space and equipment for prototyping new products or services, short-term projects, or ongoing day-to-day work.

Examples

San Diego, CA: Market Creek Plaza is a model for community-owned commercial spaces. On the surface, Market Creek Plaza may look like most shopping malls; yet, the primary shareholders of the mall are a local nonprofit and individual members of the local community. When the mall was developed, 50,000 shares were offered to local community members at $10 per share.\textsuperscript{102} It is not clear whether the city of San Diego took into account community-ownership when granting approvals for

\textsuperscript{101} See the Economist’s March 9, 2013 cover story “The Rise of the Sharing Economy,” summarizing ways in which technology has created an enormous market for peer-to-peer rentals.

this development; however, we recommend that cities prioritize permitting for similar community-owned and locally crowdfunded developments.

3. USE IDLE COMMERCIAL SPACES FOR COMMUNITY BENEFIT

We recommend that cities facilitate the temporary use of empty commercial spaces by offering incentives for temporary leases and by penalizing property owners and banks for allowing spaces to remain vacant.

Lowering barriers to temporary uses allows small and start-up businesses to test their products and services without assuming the large financial burden of a long-term lease.

Examples

**Newcastle, Australia:** A community group has helped breathe new life into this Australian city's downtown, which had been left largely vacant after big employers left town. The group negotiates flexible arrangements between property owners with vacant spaces and community members and artists who have ideas for these spaces, but no financial resources to rent them in a formal sense. The result has fostered economic opportunity, creativity, and collaboration for the city's businesses, artists, entrepreneurs, and property owners.¹⁰³ We recommend that city governments take on similar intermediary roles in negotiating and incentivizing such leases.

**Richmond, CA:** In 2008, the City Council passed the Foreclosure Fine Ordinance, which fines banks $1,000 a day for vacant properties with code violations. The law, which aims to reduce the blight from foreclosed properties, also brought in about $780,000 for the city last fiscal year.¹⁰⁴ Similarly, we recommend that cities impose fines on banks or other property owners that allow commercial spaces to sit empty. By creating a disincentive for waste, cities thereby create an incentive for property owners to share their spaces with community groups or small enterprises.

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4. ASSIST COOPERATIVES THROUGH CITY ECONOMIC DEVELOPMENT DEPARTMENTS

We recommend that cities equip economic development departments with the knowledge and resources to support cooperatives and other community enterprises.

Like all new businesses, cooperatives and community enterprises need considerable technical assistance before they begin, particularly during their infancy. Unfortunately, most economic and small business development departments are largely uninformed about cooperatives and can offer little assistance. City staff should be able to identify the appropriate type of cooperative model (worker, producer, or consumer cooperatives) for various enterprise concepts, and then be prepared to provide advice about structure and assistance in identifying and securing funding. At a minimum, staff should be prepared to connect aspiring entrepreneurs to outside organizations that provide technical assistance to new co-ops. In addition, economic development departments can be particularly helpful with “conversions,” the process by which retiring small business owners can pass their businesses on to employees.

Examples

Cleveland, Ohio: The Evergreen Cooperatives in Cleveland’s low-income neighborhoods are models in urban wealth building. They provide services to anchor institutions, like local hospitals and universities, and include a green industrial laundry, a solar installation firm, and the largest urban greenhouse in the US. The Mayor’s Office connected the Cleveland Foundation and other Evergreen partners to Cleveland’s Department of Economic Development for help finding innovative sources of funding. The city’s Sustainability Office helped identify energy incentives like Solar Tax Credits. The support of these departments was key to accessing the financing necessary to launch Evergreen.

Richmond, California: In 2011, the City of Richmond hired a consultant to create, support and expand worker cooperatives. Inspired by a visit to the large and successful Spanish network of Mondragón cooperatives (which similarly inspired the Evergreen Cooperatives), Richmond’s Mayor

105 Organizations engaged in cooperative development in the United States include the California Center for Cooperative Development, Cooperative Development Institute, Northwest Cooperative Development Center, Cooperation Texas, the Democracy at Work Network (DAWN), Green Worker Cooperatives’ Co-op Academy, Women’s Action to Gain Economies Equality (WAGES), the Green Collar Communities Clinic (GC3), TeamWorks, Cooperative Homecare Associates, the Center for Family Life, and the Cooperative Development Foundation.
decided that a small-scale version of that network could create meaningful economic opportunity in her city, which suffers from high unemployment. ¹⁰⁶ The consultant, a co-founder of the worker cooperative Arizmendi Bakery Lakeshore,¹⁰⁷ has worked with Richmond residents to form a health food co-op, an electric bicycle co-op, and a hydroponically grown organic food co-op.

**Madison, Wisconsin:** In June 2012, the City of Madison’s Office of Business Resources partnered with the University of Wisconsin’s Center for Cooperatives to host the Madison Cooperative Business Conference. The conference focused on business conversions to employee ownership, co-op best practices, and a census of local cooperatives. It drew economic development professionals, entrepreneurs, and members of existing cooperatives.¹⁰⁸

5. MAKE GRANTS TO INCUBATE NEW COOPERATIVES

We recommend that cities work with existing non-profits that have the knowledge of and connection to communities where cooperatives are likely to be successful.

By partnering with private foundations or by granting public funds for cooperative workforce development, cities can capitalize on the knowledge and expertise of organizations well situated to incubate new cooperatives, particularly when they have a track record of working in economically marginalized neighborhoods.

**Examples**

**New York, NY:** For several years, the Center for Family Life (CFL), a non-profit social service organization, had been incubating new worker cooperatives in its largely immigrant Sunset Park,

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¹⁰⁷ The Arizmendi Association of Cooperatives is itself a cooperative made up of seven member businesses: six cooperative bakeries and a development and support collective. Members share a common mission; share ongoing accounting, legal, educational and other support services; and support the development of new member cooperatives through the Association: http://www.arizmendi.coop/about.

Brooklyn neighborhood.¹⁰⁹ In 2012, the New York City Council awarded CFL a $147,000 grant to train two additional non-profits in other New York City neighborhoods to become co-op incubators themselves.¹¹⁰

6. PROVIDE FINANCIAL AND IN-KIND RESOURCES TO COOPERATIVES

We recommend that cities provide grants, loans, and in-kind support to cooperatives, and facilitate or act as intermediaries to secure other financing opportunities for cooperatives.

Cities can support the financing of cooperatives in a variety of ways, by: 1) giving grants, 2) providing loans, 3) utilizing federal funds from Community Development Block Grants and economic recovery funding to support cooperatives, 4) creating loan guaranty programs, 5) supporting the development of revolving loan funds,¹¹¹ 6) acting as an intermediary between cooperatives and lending institutions, and 7) offering city-owned land to cooperatives.

Examples

Cleveland, OH: The city of Cleveland was instrumental in assisting the Evergreen Cooperatives to secure financing to develop its ambitious network of worker-owned cooperatives. The Evergreen Cooperatives provide goods and services to local anchor institutions like hospitals and universities. They relied on a series of investments from private foundations to get off the ground. Cleveland’s Economic Development Department acted as an intermediary for lending institutions securing New Markets Tax Credits, and the city also dedicated its own funds through the Federal Section 108 Loan Guarantee Program.¹¹² Cleveland also played a major role in providing and securing land that became the Green City Growers, a 3.25 acre hydroponic greenhouse and worker cooperative that is part of the Evergreen Cooperatives network.

San Francisco, CA: In 2012, the city and County of San Francisco’s Office of Economic and

¹⁰⁹ Not all of the cooperatives have survived, but several did, including a babysitting cooperative (http://www.beyondcare.coop), an eldercare cooperative (http://www.goldensteps.coop), and a home care cooperative (http://www.wecandoit.coop/).
¹¹⁰ The Urban Justice Center, which provides legal support to cooperatives, also shared in this grant.
Workforce Development provided People Organized to Demand Environmental and Economic Rights (iPODER), a non-profit organization, a $76,000 grant to invest in its co-op development project in the low-income Latino neighborhoods of South Mission and Excelsior.¹¹³

Richmond, CA: After reading a press account of the city’s commitment to fostering worker cooperatives, a member of the public made an anonymous $50,000 donation to establish the Richmond Worker Cooperative Revolving Loan Fund. The city established an independent non-profit to administer the fund in collaboration with the city’s economic development department.¹¹⁴ The purpose of the fund is to increase support for a growing network of Richmond-based cooperatives through a regenerating pool of funding.¹¹⁵

7. PROCURE GOODS AND SERVICES FROM COOPERATIVES

We recommend that cities prioritize worker cooperatives whenever the city contracts with private businesses for procurement of goods and services.

Where cooperatives exist, we recommend that cities – and city institutions like schools, public hospitals, and public housing – make an effort to prioritize procurement agreements with cooperative businesses in an effort to support local jobs. Such preferences can be formalized in procurement ordinances and policies.

Examples

New York, NY: Since 1985, Cooperative Home Care Associates has provided home care services to chronically ill, disabled, and elderly New Yorkers while creating good jobs in a sector known for its low wages, instability, and lack of career mobility.¹¹⁶ The cooperative employs nearly 2,000 workers, about half of whom are worker-owners, and the cooperative has contracts to provide services to several New York City agencies. Workers earn wages about ten to twenty percent higher than the market rate, have 401(k) plans, and are unionized.¹¹⁷

8. INTEGRATE COOPERATIVE EDUCATION INTO PUBLIC EDUCATION PROGRAMS

We recommend that cities integrate topics related to cooperative enterprise into local high schools, vocational schools, and other public education programs.

The advantages of successful cooperatives are significant for workers and communities, but cooperative principles and structures are not always intuitive to U.S. workers accustomed to hierarchical business structures. Thus, schools can play a valuable role in supporting cooperatives.

Examples

NY, New York: The Bronx Compass High School is partnering with Green Worker Cooperatives to bring a version of the organization’s Co-op Academy to high school students. Students in the cooperative development class develop and present ideas for cooperative businesses to the school community, which can choose to incubate the cooperative.¹¹⁸

Building a thriving local economy

Neil Mclnroy

‘I can’t myself raise the winds that might blow us or this ship into a better world. But I can at least put up the sail so that when the winds comes, I can catch it’

- E.F. Schumacher

‘Although we talk a lot these days about globalisation, about a world grown small, when you look at the economies of modern cities what you see is a process of localisation: a steadily rising share of the work force produces services that are sold only within that same metropolitan area.’

- Professor Paul Krugman, Professor of Economics, Princeton University.

Despite a general rise in economic prosperity and a rising standard of living, many places around the world struggle. We know deep-seated problems of inequality, disadvantage and poverty persist even in times of economic growth. There are also environmental challenges. The relationship between economic growth and low carbon is seemingly incompatible, as traditional approaches focused upon fossil fuels have become a driver of climate change and a nemesis of a low carbon future. General happiness and well-being is not a certainty, even with economic success.

All places are intrinsically related to the global economy. The global economy cannot be bucked. In terms of strategy - countries, cities, towns, villages and rural areas must fly bespoke local sails which hope to capture positive global economic winds. Paradoxically, despite the power of the global economy and global culture, people and communities still crave the locally authentic. We want to see our history, tradition and ways of life, protected and nurtured, and not eroded by the homogenising tendencies of globalisation. We crave a distinctiveness to our cities, towns and rural areas, hankering for making a ‘mark of place’ within this globalised world. Indeed as the quote from Krugman highlights, while the long term trends of globalisation might suggest a reduced importance of the local economy, we are in fact seeing a growing localisation of the economy with local supply servicing local demand.
Therefore, we must build on our desire for the local and re-position and reset local places in relation to those global economic forces, creating networks of local economic activity that are more independent, virtuous and self-sustaining. We need an economy which nurtures local community and social life, within the limits of the environment.

**Building local economic resilience**

There are five main challenges facing our places, which together offer an unprecedented ‘perfect storm’. Firstly, in the last 8 years, as the global economy has imploded from the Global Financial Crisis, we have become increasingly aware of the need for national and local flexibility and resilience.

We have discovered or been reminded that the economies of our own cities and towns are vulnerable to the winds of global economic change. There is now a challenge to re-position and reset places in relation to global economic forces. We must create more independent and self-sustaining local economic activity, which protects us from global capital flows and disinvestment.

Secondly, environmental change and an increase in threats are creating instability and uncertainty. This means there is a need for places to plan and adapt, so they can mitigate the effects of environmental change and look to creating new ways of sustainable living. Thirdly, migration and demographic shifts, ageing in particular, has and will create new pressures on public resources and change the nature of how we live together and use places. Fourthly, Public sector finances are under pressure. The fallout from the economic crises, plus a seemingly ever increasing demand on public services, means we must find ways of reducing pressure on public finances. Finally a range of political and cultural forces, including new forms of citizenship and social movements, are resulting in an increasing demand for people and civil society to do more in shaping and making the places we live, work and play.

This ongoing economic, social, cultural and environmental change is now the new normal. This is no passing phenomena. No place can solely rely on past approaches to succeed in the future. And as such, we cannot be complacent. Our plans and approach to governance must reflect this new normality. Now and into the future, the extent to which these challenges result in either damaging or energising consequences, depends upon the abilities of places to adapt and respond.
Networks and governance

A local economic perspective is important as an intimate means of making an economy real – keeping it in touch with social outcomes and social progress. Local economies are made up of a network of social, public and commercial activity – all interconnected and dependent on one another. For instance a successful private economy is built on the back of both decent public services (e.g. transport and education) and strong social capital which nurtures families, creates safe communities and forges robust and productive workers. A local economic reset means that economic stewardship needs to hone in on the local and the small-scale possibilities which arise at the nexus between people, local places and the economy. Key to this is working with the notion that places are networks.

Places are networks. For the most part, local and nation states whilst aware of networks, do not strategically assess the myriad of connections and networks which operate within places. However, these networks and connections are the ‘DNA’ of places. They are its lifeblood. But these networks and connections are often brittle. For instance, in an area where networks are routinely assessed, e.g. transport, it is well known that a traffic accident, can cause traffic mayhem, and affect the lives of business and citizens in many ways. However, when it comes to the economic, social and cultural life of places, we are much less network savvy. Networks are important for resilience and that is why many are increasingly interested in networks and how places operate as systems.

System thinking is about the how different things in a network influence one another. In nature, an example is a typical ecosystem including air, water, animals and plants and how they work together within a system. In places, this constitutes different people, structures and processes which leads to either efficient or inefficient ways of working, depending on the effectiveness of the whole system.

Perhaps the most fundamental element of a good system is that it is not about independent individuals and organisations going off in their own directions to create change in their own way. Such a system, demonstrating a lack of connectedness and an un-joined up approach, will suffer through lack of coherence and unintended consequences. An illustrative example comes from quantum physics².

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¹ Edwards, C (2009), Resilient Nation¹, Demos
² Wheatley, M (2010), Leadership and the new science, Berrett-Koehler publishers, California
There are no independent entities at all at the quantum level - as it is all about the relationships which make up the ‘whole’. This is the same for the places. It’s not the housing, or the transport, or business, or social life which is of utmost importance, but rather how they relate as a whole.

Inspired by initial global research⁴, CLES has been thinking of places as systems for a number of years now⁴ defined by how they respond and adapt their places to new challenges, whether these are economic, social, or environmental (see Figure 1). Those systems which are able to exude these qualities are those which are generally the most resilient.

### [Figure 1] Resilience – The ‘boing’ factor

Resilience is about understanding the ability to respond to the challenges that it faces; what enables some places to respond effectively from shocks, or respond quickly to opportunities whether they be economic, social, political or environmental, whilst other areas falter, decline or thrive miss the opportunity

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**A resilient future**

The CLES resilience framework is our attempt to explore the nature of strong and flexible economies; an approach we have tested in a range of contexts. Coming from its traditional use in relation to natural disasters⁵ and ecosystems⁶,⁷, resilience has gained ground in social and economic

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contexts, and is growing and attracting more attention across academia and policy\textsuperscript{8,9,10} and within the fields of psychology\textsuperscript{11} and engineering\textsuperscript{12}.

Generally, resilience is the extent to which a system is flexible and agile enough to respond to external forces or change. Brian Walker from the Australian Commonwealth and Industrial Research Organisation defines resilience as:

‘The capacity of a system to absorb disturbance and reorganise while undergoing change so as to retain essentially the same function, structure, identity and feedbacks.’\textsuperscript{13}

Thomas Homer-Dixon in his book ‘The upside of down’ defines resilience as:

‘Resilience is an emergent property of a system – it’s not a result of any one of the system’s parts but of the synergy between all its parts. So, as a rough and ready rule, boosting the ability of each part to take care of itself in a crisis boosts overall resilience.’\textsuperscript{14}

Interestingly, the concept of ‘resilience’ differs from ‘sustainability’ in that it focuses on the proactive capabilities of a system. Thus it is not about protecting but developing the innate qualities which make a system survive and flourish. Instead of embracing stasis, as sustainability implies, resilience embraces the norm of change, flexibility, rapid unpredictability and networks. ‘Change, from a resilience perspective, has the potential to create opportunity for development, novelty, and innovation.’\textsuperscript{15}

\textsuperscript{8} Andy Pike, Stuart Dawley and John Tomaney Resilience, adaptation and adaptability
\textsuperscript{13} Walker, B et al, resilience thinking: sustaining ecosystems and people on a changing world (Washington DC: Island Press)
\textsuperscript{14} Thomas Homer-Dixon, The Upside of Down, Souvenir Press Ltd, 2006
\textsuperscript{15} Montenegro, Maywa, Urban Resilience, Seed magazine, July 27th 2010.
Resilience for CLES is based on two key principles:

1) Humans and nature should be conceived as one. Ecologists have long understood that ecosystems cannot be understood by isolating parts of the system. Ecosystems function through the interaction of many elements at different scales and timeframes, including land, climate, weather, flora and fauna. In places, or in economics, resilience allows us to think about a place as a series of interconnected systems with relationships and feedback processes between topography, built environments, use functions, the people and so on;

2) Resilience reject simple linearity. Elements within a system are in constant flux, unpredictable and highly complex. Many changes and events occur at very different timeframes and speeds. Traffic jams occur over minutes, stock markets crash over days and weeks, housing markets change over months and years, whilst urban regeneration can take decades. Places need to be understood as an interconnected system; the policy application of resilience is a search for qualities and attributes of place which make it adaptable and able to thrive on change.

Given the challenges we face, we need to think about how we make places more resilient – a resilience which recognises the importance of connections and relationships. In doing so, we would hope that some connections and relationships can be strengthened and made clearer, thus equipping places to be more adept at both responding to shocks and in being proactive about opportunities.
The CLES approach

[Figure 2] The resilience model for Governance

Our resilience model (see Figure 2), building on a whole systems approach, has been designed to provide a conceptual framework of how a place is structured and the relationships that influence it and how we govern places. The model moves beyond traditional ‘linear’ and ‘silo’ thinking about places, taking a ‘whole systems’ approach that looks at the key agents and linkages operating within places.

The framework has been designed to ensure all parts of the economy are represented: the social; commercial; and public economies (see Figure 3).
[Figure 3] The ten resilience measures

<table>
<thead>
<tr>
<th>The shape of your local economy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure 1</strong></td>
</tr>
<tr>
<td>The strength of the commercial economy is defined as economic wealth creation generated by businesses that are privately owned and profit motivated.</td>
</tr>
<tr>
<td><strong>Measure 2</strong></td>
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<tr>
<td>The public economy consists of services delivered on behalf of government organisations whether national, regional or local, and funded by the public purse.</td>
</tr>
<tr>
<td><strong>Measure 3</strong></td>
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<tr>
<td>The social economy embraces a wide range of community, voluntary and not-for-profit activities that try to bring about positive local change.</td>
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</tbody>
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<tr>
<th>The relationships which influence your economy</th>
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<tbody>
<tr>
<td><strong>Measure 4</strong></td>
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<tr>
<td>Explores the existence and effectiveness of partnerships between the commercial and public sector and the level of interaction between the two parts of the economy.</td>
</tr>
<tr>
<td><strong>Measure 5</strong></td>
</tr>
<tr>
<td>Explores the existence and effectiveness of partnerships between the public and social sectors.</td>
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<tr>
<td><strong>Measure 6</strong></td>
</tr>
<tr>
<td>Explores the existence and effectiveness of partnerships between the commercial and social sectors.</td>
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</tbody>
</table>

<table>
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<tr>
<th>The wider relationships upon a local economic territory</th>
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</thead>
<tbody>
<tr>
<td><strong>Measure 7</strong></td>
</tr>
<tr>
<td>How local health and well-being issues relate to the local economy. This includes ill health quality of life travel to work and leisure patterns and the economic geography of the area.</td>
</tr>
<tr>
<td><strong>Measure 8</strong></td>
</tr>
<tr>
<td>Explores how the climate change agenda has been integrated into the economy of the local economic territory. This looks both at climate change mitigation and adaptation strategies.</td>
</tr>
<tr>
<td><strong>Measure 9</strong></td>
</tr>
<tr>
<td>The extent to which an area is shaped by and manages its identity, history and culture.</td>
</tr>
<tr>
<td><strong>Measure 10</strong></td>
</tr>
<tr>
<td>How national and local governance has affected the local economic territory.</td>
</tr>
</tbody>
</table>
The commercial economy is often seen as the priority for places, but the resilience model demonstrates that the public sector can have considerable influence on a locality through procurement spend, planning and employment opportunities. Likewise, the social economy does not regularly feature in economic thinking and strategies but plays a crucial role in providing the foundations for any healthy and effective economy both directly through local employment, local supply chains, volunteering and social enterprise, but also indirectly through development of social capital and promotion of civil engagement and participative democracy.

What makes the resilience model stand out is that whilst it focuses on traditional elements of ‘the economy’, it hones in on the relative strength of the reciprocal relationships between the public, private and social economies. We believe these relationships and connections help to generate resilience within an area. Stronger mutual relationships allow a locality to be more flexible and reactionary if faced with an economic or environmental change.

CLES has been working with a number of local authorities and their partners across the UK, Europe and Australasia over the past few years as part of our place resilience research programme. This has incorporated assessing the resilience of systems at a range of geographical levels – including city, county, sub-regional, district, town centre and individual neighbourhoods.

The models principal assumption is that through improving the quality of the multitude of relationships within activity, that synergies and innovative responses to the key challenges can be tackled. The CLES resilience model is unique, in that it explores all of the assets and resources within a locality to ensure future positive change, and is predicated on the resilience being achieved by a place having the systems in place which help both individuals and institutions to collaborate effectively in developing solutions to challenges.

**The importance of the local Governance**

The bespoke and intimate aspects to local place and local economic system are often beyond the ken of conventional national economic statecraft. The local state, however, is expert in working with local social and commercial partners to curate and steward the places in which we work, do business, live and bring up families. The central state has a role, but it is not subtle or nuanced enough to pick
up on the local bespoke variations required. Progressive, local, place-based actions of the local state as purchasers of goods and services, as employers, as the owner of land and buildings, as pension scheme provider, as an investor and as a partner with local private sector, should take a more prominent role to ‘lock in’ or stimulate local economic benefit.

However, I am not talking here about a local state filled with municipal paternalism; rather about local government being the active enabler, encouraging and inspiring self-determination from a range of sectors and innovative collaboration and crossover between social, public and commercial networks. Even normal local government activity, directly properly, can strengthen the local capacity to forge new local social contracts in the interest of local people, communities and the local economy.

Our work, has allowed us to determine a number of key concepts for local governance

- **Collaboration:** The strongest and most resilient governance systems are those with strong leadership that it is not based purely on a top down approach, but encourages and inspires self-determination from a range of sectors and innovative collaboration and crossover between networks. This increases synergy and the potential to develop innovative solutions to address challenges and grasp opportunities.

- **Adaptability:** Adaptability involves making the decisions to leave a path that may have proven successful in the past, towards new, related or alternative structures and processes. In terms of places, some localities are more effective than others at this – the ability to adapt can depend on individual and institutional behaviours, and the rigidity or flexibility of organisations to accept and be able to instigate change.

- **Synergy:** This is a central element of a successful governance system, and those places which evidence a strong synergy across different sectors showcase that a cohesive group is greater than the sum of its parts. It is particularly important in places as those which evidence high levels of synergy are often able to overcome barriers more quickly than other places due to agreed shared and common objectives. Organisational synergy on its own is fine, say within local government in which all departments work as a cohesive machine, but without the linkages to the business community and the social sector, development of a wider synergetic structure will be inhibited.
• **Social capital**: it is of course important to have the human and institutional capital in order to develop good governance systems, but equally as important is the need for social capital. Social capital is defined as the features of social organisation within a locality such as networks, norms and trust that facilitate cooperation and coordination for mutual benefit. This relates to community and voluntary groups, social enterprises and resident groups. Places with strong social capital will be those which have a strong social sector and where considerations for social benefit pervade throughout the whole place.

• **Co-production**(figure 4): Coproduction has recently become an often coined term by a range of practitioners and commentators. Co-production is a vision for public services which is about designing and delivering services with users/citizens, rather than for them. CLES has been arguing for such approaches for a number of years now, and indeed it is a core component of our resilience model, with different sectors and individuals coming together to address the challenges faced by places. Co-production therefore is an important concept underpinning a strong and fluid system.

[Figure 4] co-production

<table>
<thead>
<tr>
<th>User and professional roles in the design and delivery of services</th>
<th>Service Design</th>
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<tbody>
<tr>
<td>Professionals as sole service deliverers</td>
<td>Traditional professional service provision</td>
</tr>
<tr>
<td>Professionals and service users/communities as co-deliverers</td>
<td>User co-delivery of professionally designed services</td>
</tr>
<tr>
<td>Users/communities as sole deliverers</td>
<td>User/community delivery of professionally planned services</td>
</tr>
<tr>
<td>Professionals as sole service planner</td>
<td>Professional service provision but users/communities involved in planning and design</td>
</tr>
<tr>
<td>Professionals and service users/community as co-planners</td>
<td>Full co-production</td>
</tr>
<tr>
<td>No professional input into service planning</td>
<td>User/community delivery of co-planned and co-designed services</td>
</tr>
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<td></td>
<td>Self-organised community provision</td>
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Key resilient policies for a thriving local economy

Responding to local ecological imperatives

Local economies can look to business and economic models which move away from growth, or at least ‘bad growth’, and explore new forms of sharing and local reciprocity. Initiatives such as local currencies, Local exchange and trading schemes (LETS), alongside movements such as transition towns¹⁶, are growing and represent a growing movement, where ecological principles are given greater prominence through a focus on the local economy.

Cooperative creation

In Cleveland, Ohio¹⁷, United States; Mondragon, Spain¹⁸, and Emilia Romagna, Italy¹⁹, for example, a new model has shaped local economic improvements and more virtuous local economies. This model has been based around the notion of developing from within through the creation of worker led cooperatives to deliver key aspects of public services and provide other goods for the local population; creating jobs and enterprise in the process. The activities being undertaken in Cleveland are part of a much wider systematic shift in the way in which economic development and community wealth building is being undertaken in the United States. This is being led by the Democracy Collaborative²⁰ and more recently through a range of organisations in The Next System²¹; a pan-America challenge to the current economic model.

Anchor institutions

Anchor institutions are commonly used to refer to organisations which have an important presence in a place, usually through a combination of being large-scale employers, one of the largest purchasers

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¹⁷ http://evergreencooperatives.com/
¹⁸ http://www.mondragon-corporation.com/eng/
²⁰ http://democracycollaborative.org/
²¹ http://thenextsystem.org/
of goods and services in the locality, controlling large areas of land and having relatively fixed assets. Examples include local authorities, NHS trusts, universities, trade unions, local businesses and housing associations.

Interest in the role of anchor institutions has arisen in recent years due to their potential to generate economic growth and bring social improvements to the local community and environment. Anchors have a large stake in the local area because, due to their activities, they cannot easily relocate. For example, while many corporations may be able to move, an airport or a hospital probably will not.

While the primary objective of anchors may not always be local regeneration or tackling poverty, the scale of these institutions, their fixed assets and activities and their links to the local community mean that they are ‘sticky capital’ on which local development strategies can be based. According to the Work Foundation:

‘Making the most of existing assets like anchor institutions will be vital for towns and places across the UK. Capitalising on these assets represents an opportunity to mitigate the impacts of recession and do better in recovery.’

**Locking in local wealth: Public procurement**

In the UK, the public sector spends around £240bn a year buying goods and services, with local government procurement in England alone totally some £45bn. The process of undertaking this spend (procurement) can enable a more virtuous economy.

In recent years, sustainability and progression have begun to be embedded in procurement language. Local government has realised that procurement can and should bring wider benefits to communities beyond the provision of a service. Indeed these benefits can include direct spend in areas of

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deprivation, the creation of jobs and apprenticeships, the development and sustainability of small business and social enterprise, and environmental mitigation.

Despite fiscal austerity and downward pressure on tender pricing, government policies (such as the Duty of Best value and the Public Services(Social Value) Act permit councils to procure goods and services according to criteria other than simply the lowest price. The Social Value Act(2012) actually requires councils to consider social value in managing procurement. These are welcome developments (supported by recent EU procurement regulations). However, if procurement is to be used sensitively and to best effect there needs to be a greater understanding and influence over local supply chains²⁴.

**Business Citizenship**

There is a mutual reliance between the private and social sectors to ensure that the local economy functions for all. Private businesses rely on an effective workforce and an economy which can support their operations. Communities rely on sustainable employment to provide financial and personal stability. This reciprocal relationship is of key importance.

The emphasis should be a move away from corporate social responsibility (CSR) and towards ingrained behavioural change within both businesses and social sector organisations where the social is not perceived as a ‘bolt on’, rather incorporated into corporate attitudes and approaches. To achieve this, cross-sector narratives need to be established and developed - not least around the economic and community benefits of business citizenship.

As small businesses are most closely associated with local communities, there is potential for localised business networks to enhance their existing engagement with social organisations to scope out potential for local collaborative working, and schemes for bringing the two sectors closer together.

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Community Wealth building

In the UK CLES has been at the forefront of new thinking around community wealth building. We have suggested that rather than attempt to redistribute wealth via a return to significantly higher levels of taxation, which is unlikely to garner wider support, we should instead seek to reorganise our local economy. Others argue for the ‘grounded city’, which places an emphasis on the distribution of mundane good and services essential for civilised life, rather than the pursuit of growth, which may be unattainable in some areas, this thinking complements that of Mariana Mazzucato, Phillip McCann, and the Centre for Research on Socio-Cultural Change at the University of Manchester who all state that the role of the local state is not just to address market failures but to enable market creation and to shape itself rather than be led by external factors.

The grounded city is one that structures social innovation in a way that meets the needs of the local circumstances. Rather than places competing, they advocate a focus on developing the internal capacity of the places, people and businesses to provide some of the goods and services that are the local focus for social life. In essence this means more local and plural production and ownership of energy, care and food. The ‘Grounded City Manifesto’ also stresses that:

‘It is time to think radically about delivering fairness not by redistributing income or reforming schools, but by re-focussing.’

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26 Williams, K. et. al. (2013). Manifesto for the Foundational Economy. CRESC: Manchester.
29 McCann, P and Ortega-Arigles, R. (2011) Smart Specialisation, Regional Growth and Applications to EU Cohesion Policy.
CHAPTER 06

Workshop Session 1
Local Futures

- Who Will Manage Natural Capital in an Era of Local Extinction? / Yusuke Sakata
- The method of the Buddhist life and the lessons of Korea-Japan exchanges / Jang Ok-hee
- Local businesses; adjusting the speed / Jung Eun-yeong
- The case of the return to the farm and rural life in Sunchang, in which young people gather / Lee Soo-hyeong
- The experience of participating in an education program for strengthening residents’ capabilities / Kim Seong-guk
(Case presentation 1)

Who Will Manage Natural Capital in an Era of Local Extinction?

Yusuke Sakata
Professor of Science and Engineering at Kinki University

1. Local Extinction Theory

Great attention has been drawn to a report published in 2013 which concluded that of 1,799 municipalities in Japan, 896 face the possibility of extinction. Localities that were vulnerable to this were those where the number of women between the ages of 20 and 39 will have halved between 2010 and 2040 (Masuda, 2014:29).

The author, Masuda, projected national population will drop by three million every five years if a policy to increase local populations is not implemented immediately (Masuda, 20014:7). The author points to the overconcentration of young people in Tokyo and the acceleration of a falling birthrate in the Tokyo area as the main culprits of this phenomenon.

2. Satoyama Capitalism

While people perceive the Local Extinction theory as plausible, a book titled “Satoyama Capitalism” (Motani and NHK Hiroshima 2013) suggested that an affluent life is possible in rural areas that utilize regional resources.

“Satoyama” refers to mountains and forests bordering rural residential areas that help support life by providing fuel and food. In modern society, the resources available in satoyama are deemed useless, thus leading to neglect and abandonment of such areas.

This book insists that unconventional utilization of the resources in satoyama is feasible and that those resources are of great economic value. Examples introduced in this book include biomass power generation and reestablishment of regional circulation structures.
3. Natural Capital

Local regions are important not only as human life is based upon them but also because they provide natural capital. Recent studies in the field of environmental economics recognize the importance of ecosystem services, and assessments of the services are conducted in many ways.

Maintenance of natural capital has traditionally been performed by those who use the regional products as their source of livelihood. However, current local revitalization policies neglect the maintenance mechanism entirely.

Deploying current policies that merely focus on more job creation in cities prone to extinction will only increase the number of people who are disconnected to natural capital. It is of great urgency to implement policies that create a society where management of natural capital is integrated into the carrying on of people’s daily lives.

Reference

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藻谷浩介, NHK広島取材班『山里資本主義』角川書店、2013
The method of the Buddhist life and the lessons of Korea-Japan exchanges

Jang Ok-hee
The Secretary-General of the Korea-Japan Exchanges Association in Jinan-gun

I am Jang, Ok-hee; I have been living in the countryside while being active in the Korea-Japan Exchanges Association in Jinan-gun after returning to my home village of Jinan, in Jeonbuk in March 2013.

I am a country person who was born and has grown in the countryside. After graduating from my college, I went up to Seoul, where I lived for over ten years. Currently, the place that has become the background of my life is, actually, the Buddhist organization called the “Jungto Society.” The Jungto Society is a place that pioneered into the activities in the fields of environmental movements, welfare, human rights, and peace from an early time, which is rare in Buddhism. I had been interested in social welfare when I was young. Through the Jungto Society, I learned the method of putting welfare into practice from a wider vision. Especially, support activities for the untouchables in India, which is a country in the Third World, support projects for the children of North Korea, which is yet another country in the Third World, etc. made me open my eyes towards the world. During my ten years of living at the Jungto Society, I had been engaged in unpaid activities, for which there were no monthly salaries. In return, I solved all of everyday life, including eating, sleeping, and working, at the Buddhist temple. I had no need for any money. Even when living alone after coming out of the Buddhist temple, because I had been accustomed to living life without money, I had no major inconveniences even with a small income. Because I used to come to the temple to engage in volunteer service three days a week without earning money, the Buddhist monk was worried about me all the more. But, my being able to be happy while being thankful for the abundance of the life that I enjoy without dwelling on my income in such a way as at present seems to have been brought to me by a life of being satisfied and a life of sharing all that I had learned at the temple.
After finishing my life in Seoul, I lived in a suburb of Seoul, in Gyeonggi-do. The reason why I moved to Jinan, where I am living now, was to put into practice my economic concept of ‘earn a little and spend a little.’ Whether desired or not, life in a city cannot be but a life in which money is needed. But, I, who had wanted a life in which I spend a little bit of money, made the resolution to go to the countryside where no money has to be spent. However, considering the wages in the countryside, I started country life with the calculation that there would be no insufficiencies even if I only work ten days a month. Of course, now, I have been receiving monthly salaries that are smaller. But, I have been living a happy life, to the extent that I think it is okay to be affluent in such a way.

I will tell you about my relationship with Professor Tsuji Shinichi, I had participated in the World Social Forum by riding on the Peace Boat in 2004. At that time, in the boat, I got around to knowing an organization called the “Namakemono Club” of Japan. Even just with the name, I thought about ‘the life that I would like to live.’ In the next year of 2005, when I rode the Peace Green Boat, I got around to listening to a lecture by Professor Tsuji. And I got around to getting to know the ‘Hachidori Plan’ for the first time. Perhaps, it is from this time that I had lived while bearing in mind the word ‘slow’ somehow.

While looking around here and there to return to my home village, I got around to seeing the staff recruiting through a public notice in the Jinan-gun Community Support Center. And, because my husband became employed, I moved my home to Jinan. At the Jinan-gun Community Support Center, where my husband works, the diverse groups have gathered and have been engaged in the activities. Among them, there is the Jinan-gun Korea-Japan Exchanges Association. Just in time, because the secretariat said that there was no person to be in charge of the work, I started working.

In 2011, Jinan made a friendship exchange agreement with a small local government called “Aya Town,” which is in the Miyazaki Prefecture in Japan, and has been engaged in the exchanges. In Aya Town, a natural agricultural ecosystem, which has vast evergreen broad-leaved forests called “laurel forests” as resources, is developed. And handicraft manufacturing, including world-class
glass craftsmanship, dyeing, carpentry, etc., has been developed. Because there is a casting company using clean water, it is a region in which the economy has been circulating. Every year, visitor groups come to and go away from, each other. Especially, by visiting Aya Town, the citizens autonomy committee and the organic farmhouses of the Jinan region have been learning about the activities of self-governing citizens and the government, the natural agricultural ecosystem, etc. that have been put into practice by Aya Town. Especially, these days, the biggest topic of conversation at farm villages is the 6th industry. Jinan has been selling farm products produced in the region and has been managing a local foods restaurant by making the ‘Jinan Town Local Food Platform,’ which plays the same role as the ‘Honmono Center,’ the direct store of Aya Town. Just as Koda Minoru, a former head of Aya Town, said, “It is not to send the tasty foods of Aya far away to Tokyo, but it is to make the people come to Aya Town to eat,” it would be good if a lot of people can taste the taste of Jinan in Jinan and then leave. In order to enable the residents-driven community building pursued in Jinan to develop like a community building put into practice by Aya Town, the Korea-Japan Exchanges Association will play the role of a bridge.

I have high expectations that the life of living slowly, the life of knowing the abundance of the things that I own, and the life of sharing and enjoying the things that are given to me will continue in the future. And I am happy that I was together with you at a precious place.
Case presentation 3

Local businesses; adjusting the speed

Jung Eun-yeong
The representative of the ‘Namhae bomnal’

I was born in Seoul, which is the center of the Republic of Korea and which is a big city that is being enlarged while absorbing all the infrastructure and systems. I grew up in Seoul over 38 years. With Seoul in the back, now, it has been five years since settling down in Tongyeong, a seaside location that is very far away and small. During the one year in which I momentarily permitted a pause in my work after losing the health of my body and mind while running hectically after losing the directions, I met yet another world. I had not known that such a life exists and nor the method of living lightly and simply in such a way. I had wanted to stop the life of being chased after in an enormous city that cannot be stopped with my own force. I got courageous and began again. The local business in Tongyeong was a small decision for changing my life in that way.

The fourth year of publishing in the region: So far, I have slowly published 15 books. I had started the publishing business, which was concentrated in Paju and Seoul, in Tongyeong, which does not have any infrastructure, without any fear. Like the worries and the curiosities of a lot of people over the past four years, I had infinitely repeated falling down by staggering and standing back up because of the insufficiencies of information and manpower and deficiencies of the systems. If I enter into the system called “Seoul,” I go by shouldering most of the problems that will be solved. As such, sometimes, there were times in which I worried about a nighttime getaway in the middle of the night because the baggage was too heavy. Every such time, thankfully, I was able to withstand the three years in the beginning of the business foundation thanks to the encouragement and cheering of my surroundings. And, with the network in which each of the ties were made through publication and precious contents that were raised neatly one-by-one like digging up treasures as assets, the new local business began.

In the region, there are a lot of hidden treasures. Except, nothing is complete unless you put it in final
shape. People who discover rare and precious treasures, show them to the world, and do the work of sharing were rare in the region. The closure of the region, the narrow markets, and the overcrowded competition inside made it difficult to see the bigger markets. And there was nothing new to the assets of the region that weren’t already familiar. We wanted to properly process the pearls in the soil. We wanted to give new changes to this small world by including in the paper, by publicizing to the world through SNS media, and by pulling the network that had been accumulated in Seoul to Tongyeong. Especially, we wanted to make the traditional arts of Tongyeong meet the world. It is not known as to whether these traditional arts will easily disappear because of the indifference of the people despite the fact that they are world-class contents. In Tongyeong, over ten master craftsmen live together. The thing I started in such a way is a spring house, which is an art house for experiencing culture and art, was made with the artists in the region. It is a small bookstore-come-art shop, which was made to be a hub of communication. After 38 years had passed, a small deserted house, which had been a main offender in the town, became a small passageway for publicizing the culture and art of Tongyeong through mutual understanding of the publishing company and architects of the region. The small alley of our town, from which young people left and where only the elderly lived, has been changing into a beautiful town in which young people and cultural artists want to live together.

The people who came to see us ask questions. How is it that we settled down in such a way? How should businesses be engaged in the region. In fact, when seen with the world’s measure, we are absolutely not successful business people. Not only are there marketing and infrastructure problems of regional publishing, which have not yet been solved yet, but also the livelihood-type businesses, in which each day can be lived only by diligently moving the body and mind from the morning until the evening, have been continued. However, clearly, our life has become different. Work and life became somewhat lighter and somewhat happier. The reason is that the people who expect growth and development mechanisms of big cities, even if they are smaller regions, have succeeded in speed adjustments of which the imitation is absolutely difficult. I came down to the region because I was
sick. And not being able to run blindly like in Seoul proved to be my luck. While living a slow life in the region, I could see people, nature, and the things that must be done and the things that must not be done in the region. If I was greedy for results in a short time period like in Seoul, life in the region could have been all cuts and bruises. Of course, in the future, too, the road on which I must go is long. Working together and living together in a region are possible by being together in a time in which there is a lot of rain, wind, sunlight, and nourishment until a tree densely makes a big shadow. In the same way, I would like to say that living and working at the speed that is near to nature is the most important message of the local businesses we met.
The case of the return to the farm and rural life in Sunchang, in which young people gather

Lee Soo-hyeong
Head of the Return to the Farm and Rural Support Center for Sunchang-gun
The National Back-to-the-Farm Movement Headquarters

[The support for the invigoration of the return to the farm and rural life by the central and the local governments]

The popularity of the return to the farm and rural life

The return to the farm and rural life ratio of those who are in their thirties and their forties among the total back-to-the-farm population is 40%. Regarding the representative reasons behind the return to the farm and rural life that they selected, it is because the farm village life is good and there is the desire to farm in earnest.

- Return to the farm and rural life (households): 2010(4,067) → 2011(10,503) → 2012(27,008) → 2013(32,424) → 2014(44,586)
- Full-scale retirement of the baby boomer generation (born from 1955 until 1963, as of 2010; 6.95 million people, 14.5% of the total population)
- Change of recognition of the young bracket resulting from the value illumination of agricultural farm villages (return to the farm and rural ratio life for agricultural purposes appeared high in the young bracket of those who are less than 40 years old)

The legislation relating to the vitalization of, and the support for the entrance to the return to the farm village (from here on, the return to the farm and rural life) (January 20, 2015).

Alas, the back-to-the-farm law was enforced. It was enacted with details that meet the flow of the era, including the overcoming of work discontinuity resulting from the changes of position assignments of government officials, preparation of a basis for the expansion of self-governing authority of local self-governing bodies, fund support benefits for young urban to rural returners, etc.
Actual condition investigations and writing of statistics regarding the return to the farm and rural life

Designation and management of the center for general support of the return to the farm and rural life for supporting the education and training and others of the like

Diverse businesses and the cost support for the stable settlement

[The principles and directions of the National Back-to-the-Farm Movement Headquarters]

The back-to-the-farm policies belong to agricultural policies.

At a time when agriculture, farm villages, and farmers are close to dying of hunger, can the people who have returned to the farms and rural life take root? It is only by going together with fundamental agricultural policy reforms, including those related to factory-type agriculture, lowering of the rate of self-sufficiency of food, reduction of biological diversities, destruction of the farming village ecosystems and environments, threats to the safety of the foods, etc., that people who have returned to the farms and rural life can make healthy farming village happiness models. The recognition of agriculture shown by free trade agreements, including the import of rice for tables of which the duty period has passed and others of the like, is at the government level.

Recognition of agriculture as an industry that has fallen behind and an industry of which import substitution is possible; the deepening of capital subordination resulting from high input and high cost structure

Diversification of support measures for young people who have returned to farms and rural life which will disentangle the aging and hollowing of farm villages

Farmers become all-powerful CEO’s who embrace the production, processing, and distribution in order to survive.
The role of the central support organization within the region

The return to the farm and rural life support center, too, is a form of a central support organization. Although it is a meson of administration and the civilians within a restricted scope, it is a place for gathering the capabilities of young people who have returned to the farms and rural areas. And, as it is an arena for public discussions for worrying about pending issues of the region throughout the whole of politics, economy, society, and culture, it must be actively utilized.

- The creation of cooperation-type income through the establishment of a network among farming villages and cities
- In charge of the public spheres, including resident conflicts, sharing economy, shared culture, recovery of the town community, etc.
- Participation in not only the economy, society, and culture in the region but also the political realm through the securing of the expertise of people who have returned to the farms and rural areas
Our region is an ordinary, original downtown region that can be seen anywhere in the nation.

There is a greater low-income elderly bracket than the population of the young bracket. So, then, the region can be seen as a declining area of which the vicious circle has been continuing, including the small, economically active population, the declining vitality of the town, the gradual decrease of the population, and the increase of empty houses. As one of the residents living in such a place, I intend to talk about the process I experienced while learning, putting into practice, and growing by participating in the residents’ education program called the “urban regeneration” or the “town regeneration” which is led by the administration.

Before I participated in such a residents’ program, I did not know about the meaning of urban regeneration and town regeneration. Fortunately, a support center for urban regeneration was established in our region, in the town I have been living in. I got around to participating in the program for strengthening residents’ capabilities, which was implemented by the center. And, through such a process, I learned why urban regeneration and town regeneration are necessary.

Also, while experiencing the situation in which the town that I have been living in gradually declines, the realistic feeling of insecurity that such a surrounding environment will become even more inconvenient in the future is the reason that made me engage in activities as a resident leader who leads the town’s regeneration.

In our town, there are 50 chiefs of tongs who are the leaders of the residents. I, also, began with the role as chief of a tong of the town and performed the role as chairperson of the residents’ self-
governing committee of the town. And, now, I have been performing the role as a leader of the “make the town project,” which is a part of the town regeneration business.

Recently, I participated in the “Ondure Community Project,” which is a town community project carried out by Jeonju City. I have been participating in the town businesses, which are carried out by the residents themselves, including the continuous “make the town project” and the invigoration of the town community.

In order for urban regeneration and town regeneration projects to be invigorated in this way, residents’ capabilities must be heightened. I believe that the training of resident leaders who can encourage resident participation is needed. In urban regeneration projects frequently spoken about, in administration, theoretical plans are formulated, and, in the town, activists on the field establish the system for executing the projects together with the residents. Such activists are helped in the administration. Also, the activist individuals grow. I would like to say that, by continuously participating in urban regeneration and town regeneration projects, a somewhat more strengthened system that creates the basis for contributing to the development of the regional society is needed.
CHAPTER 07

Workshop Session 2
Local Selection, Social Economy

- 'The City of the People, City of Dignity, Aiming Toward Social Economy'/ Lim Kyong-jin
- Implementing Social Economy in Local Communities / Kim Gi-tae
'The City of the People, City of Dignity, Aiming Toward Social Economy'

Lim Kyong-jin
Jeonju city Social Economy · Urban Regeneration support Center

Background of the Social Economy Policy of Jeonju City

The infrastructure for the industrial production of Jeonju City, with a population of over 700,000 people, is weak. It extensively possesses an urban and rural complex as well as special characteristics of the city, which are tradition, culture, and tourism. Compared to the regional economies that grow quantitatively, the instability of the living economy and the region have been deepening the more that time has passed¹. The outflow from the total amount of production within the region surpasses 25 trillion won (21.7% of the total production amount) per year.

The usual bipolarization and social exclusions brought about by the growth strategy centered on competitiveness comprise the common situation of Korea. However, in Jeonju, of which the industrial foundation is weak, the degree has been deepening.

Especially, seen from the viewpoint of the region, the spreading and fixation of the socially excluded, who are alienated from systematic, service, and social relationships that are enjoyed in everyday life, have been approached as assignments that can no longer be left alone.

It is important to us to lower the dependence and to make a virtuous cycle living economy structure (independent circulation economy) within the region. So, Jeonju has made social economy as the core operational mechanism. It highly expects the continuous expansion of social capital through the invigoration of the social relationship network (restoration of the primary relationship network, service for the region, community activities, etc.).

¹Total amount of the production (GRDP) of the Jeollanam-do · Jeollabuk-do region: 115 trillion won; total income (GRI) of the region: 90 trillion won (The National Statistical Office; based on 2010)
Going further, economic activities based on regional society that have as their purposes the solutions of the needs and problems of society are demanded. These will prove to be effective in creating new and healthy workplaces and expanding employment, in which human and material resources within the region are combined.

**Policy Links of Regional Communities**

Jeonju City's policy for the invigoration of communities and new business start-up communities in the town unit (neighborhoods) is the beginning, the end, and the core for materializing such a purpose.

The 'community movement' of Korea that has spread through the diverse regional community and new business start-up community activities in order to protect the purposes and values aimed at by the community activities has been seeking linkage and solidarity with social economy by finding alternatives regarding indictments of a capitalistic society.

In order to establish a healthy linkage framework regarding domain diffusion toward a social economy based on community projects, Jeonju City, too, has established a framework for policies and their execution.

First of all, as for community projects of Jeonju, there is the town community support project, in which the process of worrying and solving the problems of the region together with participation of ten or more town residents is preceded with diverse community projects. Also, there is the business start-up community project, which pursues the business foundations based on human and material supports of the region without any relation to items by anyone, if there are five or more Jeonju citizens.

It is to provided jobs that have been discontinued for women, senior citizens, businessmen who are closed temporarily, businessmen who are closed permanently, migrant women, disabled people, and the old and weak, etc. of the region as dignified, main agents of community projects and to expand the social base and services within the region that are through a voluntary method.
Furthermore, it is to highly expect linkages to each of the social economy main agents (social corporations, self-support corporations, town corporations, cooperatives, etc.) and developments through the results of such diverse community activities.

The customized support system that made the community activities into the seeds of social economy has been systematically possessed ever since 2014\(^2\) when Mayor Kim Seung-su of the 6th term was elected by popular vote.

First of all, regarding the administrative organizations, the social economy support group\(^3\), in the bureau unit, was created for the first time as a local, self-governing body in the whole nation, and, as a private support organization, the Unified Support Center for Social Economy, Communities, and Urban Regeneration was created.

As for the roles and functions of the administration and support organizations, there is an integral viewpoint for socio-economic spreading and the continuous settlement of Jeonju City, called policy linkage and customized support.

If we take a better look into the administration organization and connected roles of Jeonju City, the goal is to construct a linked system with the hardware of urban regeneration, contents of the community, and settlement of the diffused economic subjects of social economy.

**Special Features of Social Economy Policies of Jeonju City**

The following are a few important points other than the special features of the administrative organization in the bureau unit for the first time in the whole nation, the establishment of an integrated support system in the civilian domain, urban regeneration, the community, the establishment of a linkage system toward a social economy, etc.

\(^2\) In April 2014, as an election pledge, Mayor Kim, Seung-soo announced the invigoration of social economy with details of ordinance enactments, the establishment of an administrative organization exclusively in charge, the establishment and management of the integrated support

\(^3\) Organized into the Department of Social Economy, the Department of Community Support, and the Department of Urban Regeneration, there is administrative manpower of a total of 33 persons.
Firstly, if we take a look at the ordinances⁴, the comprehensive activities that realize social values—including the disabled, self-support, sharing economy, fair trade, etc.—have been clearly stated in the socio-economic organization. Also, the need for effective, clear regulations regarding public purchases and the need for a fund for socio-economic invigoration was clearly stated.

Furthermore, it was endeavored to contain somewhat clearer meanings than the ordinances of other local self-governing bodies (in comparison with the ordinances enacted before that), including a clear statement of matters relating to support regarding the organization of an alliance of the parties concerned, of which solidarity and linkage can be invigorated by the main agents in each field.

Additionally, among the socio-economic policies of Jeonju City, inclusion of self-supporting policies in the socio-economic domain for the first time in the entire country and urban regeneration policies have important meanings through yet another viewpoint.

The self-supporting corporation policies of Korea, which started for the purpose of self-support on the part of the socially weak, have been dealt with as welfare policies until now. However, it was decided to have the center as the materialization of active self-reliance through the solidarity and the linkages among the socio-economic main agents for the healthy jobs and the self-reliance.

The integrated execution of socio-economic policies in the urban regeneration field is a result of the viewpoint that the linkage between the people and policies in the community and the socio-economic domain is indispensable for pursuing projects centered on the people and spaces with the center being the physical maintenance businesses in the meantime.

**Mission and Vision of a Policy to Invigorate Jeonju’s Social Economy**

As for the basic awareness⁵ (mission) of a socio-economic invigoration policy for Jeonju City, one can quote, “Social economy invigorates the citizens' community of regional society through

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⁴ In December 2014, the Basic Ordinance Relating to the Invigoration of Social Economy of Jeonju City, the Ordinance Relating to the Support for Town Communities of Jeonju City, and the Ordinance Relating to the Invigoration and Support for the Urban Regeneration of Jeonju City were enacted.

reciprocal relationships. By bringing about work and good will, difficulties of the socially excluded class are alleviated...It contributes to the accumulation of a capital that is socially beneficial. At the same time, it is an economic activity of human nature centered on human beings, which heightens the economic value of the regional community by providing employment and services. Jeonju City intends to do its best with regard to the mission of aggressively supporting socio-economic activities for abundantly creating social capitals that are the resources of the citizens so that citizens can cultivate an attitude of caring for the public interest and caring for other people.”

Regarding the visions and the goals in the short term and social economy organizations, one can mention the establishment of 650 or more organizations with the goal of establishing one organization per 1,000 people of the population from the present 262 organizations, the establishment of a minimum of five or more shared platforms by function, etc. Interlinking with the completion of such a basic ecosystem⁶, by planning and proceeding with the processes of the medium- and long-term phases, 'a representative city with social economy centered on people' must be made.

The social economy policies of Jeonju must not have high-flown discourses as the purpose nor have them as the goal. By rejecting social exclusions, with the spirit of reciprocity, and with the policy of respecting the lives and values of each citizen of Jeonju, Jeonju must be together with its citizens.

Even if ‘the representative city with social economy’ is conceded, let us not lose the true policies that have utilities ‘centered on people’. It is by doing this that the city will become a city of the people in which the self-esteem of the citizens is alive⁷.

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⁶ As for the social economy organization of Jeonju City, there are 54 social corporations (35 certified, 19 reserved), 184 cooperatives, six town corporations, and 18 self-supporting corporations, with the total being 262 places. (Based on the end of June 2015)

⁷ ‘The city of the people, elegant Jeonju’ is a civic administration slogan of the 6th term of the popularly elected.
Implementing Social Economy in Local Communities

Kim Gi-tae
President, Corea Cooperative Institute
Policy Director, Korea Solidarity for Cooperative Social Economy

Table of Contents

- Social Economy for Protection of Humans and Communities
- Rural Communities and Social Economy
- Metropolitan Communities and Social Economy
- Implementing Social Economy
"Human development” must be the goal of socioeconomic development

- First official announcement of “human security” in the 1994 Human Development Report by UNDP
- Calls for a paradigm shift from a state or national economy-centered to a human-centered approach
- A new direction of the socio-economic development, allowing states, societies, communities and markets to contribute to human development
- Still unclear how key market players, i.e. businesses, should take this change

<table>
<thead>
<tr>
<th>Change of approach</th>
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<tr>
<td>Conventional Approach</td>
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</table>
Social economy: an active movement to ensure human security

- UNDP proposes 7 areas for ensuring human security
- They are grouped and linked under two categories: human development and peace building
- Social economy is closely related to economic and community security.
- Policy for businesses in general must be specified further in relation to the activities of cooperatives.

<table>
<thead>
<tr>
<th>Human development (Empowerment)</th>
<th>Food</th>
<th>Freedom from hunger</th>
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<tbody>
<tr>
<td>Health</td>
<td></td>
<td>Freedom from diseases</td>
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<tr>
<td>Environment</td>
<td></td>
<td>Access to clean water and air</td>
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<tr>
<td>Economy</td>
<td></td>
<td>Freedom from poverty</td>
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<tr>
<td>Community</td>
<td></td>
<td>Freedom to be part of families and communities</td>
</tr>
<tr>
<td>Personal</td>
<td></td>
<td>Freedom from violence, crime, drugs</td>
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<tr>
<td>Political</td>
<td></td>
<td>Freedom to enjoy basic human rights</td>
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</table>

Social economy values local communities

- Capitalism desires to expand the profit-seeking market across the globe as if “the world is flat.”
- Such pursuit of expansion by transnational capital is supported, as long as profits are created, by an almost infinite supply of capital.
- On the other hand, social economy values the networks of local communities and pursues an adequate scale of economy, where robust social relationships are guaranteed.
- The extent of diverse and substantial relationships with local communities is an important performance indicator for social economy organizations and activists.
### Local characteristics and industry-community relationships

- Planning for a robust social economy at a local community level must consider local characteristics, community needs, major industries of the community and the characteristics of the social economy businesses.

- In terms of the size of population, local communities are classified into 1) rural villages (below 100,000), 2) small cities (100,000–300,000), 3) metropolis (300,000 – 1,000,000), 4) megalopolis (above 1,000,000).

- Businesses or industries can be classified in terms of most favorable or preferred type of ownership: 1) self-employed/private, 2) cooperative, 3) stock company.

- In terms of the size of the immediate market, local communities are characterized as 1) village/town, 2) county/district, 3) municipal/provincial, 4) national, 5) transnational.

- Institutional or regulatory aspects must be reviewed to consider the potential changes in the market arising from regulatory revisions.
Characteristics of Rural Communities

- Local communities are not isolated islands. They respond to and are defined by external forces over a long period of time.
- Under the above assumption, local communities develop, on top of their unique custom, various characteristics as communities.
- Common characteristics of traditional rural communities are:

  - Economic activities based on local resources (local specialties)
  - Unique decision-making system originating from history
  - Long-term outcome more valued than short-term success
  - Unique custom and lifestyle
  - Shortage of resources and weak market
  - Synchronized to defining forces from outside on the long term

Characteristics of the Korean rural communities

1. Repeated experience of community collapse throughout history (Japanese colonial rule, Korean War, modernization of the 1970s)
2. Internalized familiarity with policies of central government in resource allocation (1,500 years of state experience, excessive soft budget, weak local autonomous governance)
3. Experience of desertion by community leaders after their political or economic success and consequent sense of distrust
4. Aging and depopulation caused by urbanization: shortage of human capabilities
5. Steady outflow of resources and lack of social entrepreneurship: Little consensus on social economic development of community
Metropolitan Local Communities & the Social Economy

Characteristics of Urban Communities

- Urban areas, in particular metropolitan areas, have witnessed rapid market expansion and therefore display characteristics distinct from traditional communities. In these uprooted societies, the principles of capitalism heavily influence community members and their social activity.

- Lack of Productive Activity Surrounding Local Communities
- Differences among Small Groups Due to Rational Decision-Making
- Various Methods of Evaluating Performance (Anomie, Mobility)
- Various Communities Formed Along Interpersonal Relationships
- Rich Resources but Widely Scattered
- Unclear Boundaries & No Community Identity (Only City Identity)
The International Conference on the Economics of Happiness 2015 Jeonju

### Characteristics of Korea’s Urban Communities

<table>
<thead>
<tr>
<th></th>
<th>Lack of interest in shared local communities</th>
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<tbody>
<tr>
<td>1</td>
<td>Massive redevelopment leading to dissolution of existing communities</td>
</tr>
<tr>
<td></td>
<td>Local communities as sites for land speculation</td>
</tr>
<tr>
<td></td>
<td>Separation of living space &amp; working space (“bad town”)</td>
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<td></td>
<td>Long working hours undermining the establishment of a civil society within the community</td>
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<thead>
<tr>
<th></th>
<th>Lack of everyday social economic activity for community members</th>
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<tbody>
<tr>
<td>2</td>
<td>Economic activity (both production &amp; consumption) is limited to for-profit companies and to individual, not community-wide efforts</td>
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<td></td>
<td>Impossible to establish a single identity without everyday community-wide experiences</td>
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<tr>
<td></td>
<td>Lack of community spaces for participation</td>
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</tbody>
</table>

### Measures to Establish a Social Economy
Understanding the Needs of Local Communities & Business Initiatives

E.G. : The Urban Community’s Service Industry

Consumer-Type Business
- Collective Buying of Food/Beverages
- Collective Buying of Everyday Necessities
- Various Sharing Services
- Morning Community Cafeterias
- Multi-Space Village Coffee Shops
- After School Home Care

Producer-Type Business
- Simple Home Repair
- Courier Service by Senior Citizens
- Home Cleaning
- Door-to-Door Car Wash
- Disinfection & Sanitation Services
- Village Auto Shop

Cases on Overcoming Challenges & Expanding the Influence of Social Economy

- The most fundamental task to creating an impactful social economy lies in:

  “establishing a success model that produces social value, and to further spread & promote this model”

Cases on Overcoming Challenges in a Social Economy

Effective Spread, Promotion

Select & Support Strategic Social Economic Organizations
Improving Success Rate of Individual Organizations by Activating Social Economic Ecosystem

- Social Franchises (Industry Unions)
- Expertise & Passion from Intermediary Organizations
- Activities to Improve Institutions (Relevant Stakeholders)
- (Finance) Strengthening Staff Function (Education)...

Broadening the Concept of Social Economy & Expanding Solidarity Ties

- Plan activities to strengthen solidarity with various entities in the community
- Efforts needed to expand the principal concepts of a social economy

Local Businesses (including small businesses)

<table>
<thead>
<tr>
<th>Civic Groups, Public Service Corporations</th>
<th>iCOOP, Fair Trade (Consumption)</th>
<th>Corporate-Type NPOs (Participation)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social Enterprises</td>
<td>Community Business</td>
</tr>
<tr>
<td>(Finance) Nat'l Credit Union Fed., KFCC</td>
<td>Self-Support Businesses</td>
<td>Coop Basic Act</td>
</tr>
<tr>
<td></td>
<td>(Agro Support)</td>
<td>NACF, Nat'l Federation of Fisheries Cooperatives</td>
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</table>
Institutional Improvements Conducive for a Social Economy

- Within a social economy, organizations will play a positive role in the development of local communities with their specific business offerings, democratic operations, clearly developed performance indices, and the potential to unite with various other businesses.

- Measures to mitigate factors inhibiting collective activity in the community must be established, along with measures to empower social economic organizations.

- Institutional improvements must be made to empower social economic organizations given their new public functions.

- Case 1: Seeking a municipal ordinance to allow for optional contracts when leasing spaces owned by Seoul's school cooperatives (June 18, 2015)

- Case 2: Evaluating the preferential purchase policy by public institutions for social enterprises (2011 policy)

- Major Task: Improve voucher plan for public support social services: Institutionalize preferential allocation ratio for social enterprises

- Local governments and city councils must actively improve existing institutions while the private sector must have more of an awareness of these institutions and present a specific direction for the improvements.

A Humble Suggestion: 10 Principles for a Social Economy

- The principles of a social economy must be present in the everyday activities of relevant stakeholders.

- E.G., rather than frequenting for-profit franchises, residents must commit to local coffee shops and restaurants, and raise awareness to motivate others into establishing a social economy.

- Problems that occur during the process can be viewed as challenges to overcome by proponents of social economy.

- Communities can start out small, by gathering wisdom to establish the practical principles for a social economy.