

LOCALIZATION:
essential steps to an economics of
HAPPINESS

Helena Norberg-Hodge

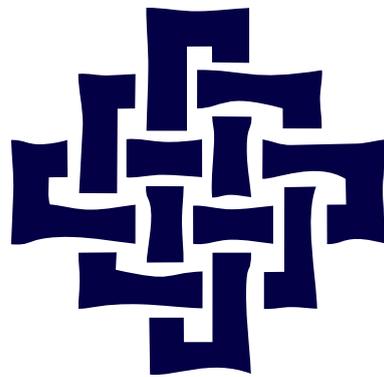
LOCALIZATION: essential steps to an economics of HAPPINESS

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INTRODUCTION

It sometimes feels like there's nothing but bad news: climate chaos, species extinction, job insecurity, poverty, violent conflict.

It is easy to feel overwhelmed, depressed and helpless. But if you look deeper, you will find reason for hope. Most of the problems we face share a systemic root cause; and that means that, rather than having to tackle them separately, we can begin to solve all of our multiple crises *simultaneously*.

My observations and studies in different parts of the world – from the least to the most industrialized countries – have convinced me that the central underlying problem is our lack of awareness of the workings of our economic system. By allowing distorted economic priorities to overwhelm all other considerations, we have unwittingly supported a global economy that has grown so large and powerful that it threatens not only our own survival, but all life on Earth. It's a techno-economic system that commercializes every aspect of the world around us – even life itself. It thrives on separation, on cutting us off from one another and from nature.

It doesn't have to be this way, and change is already in the air. Far from the old institutions of power, a grassroots movement is emerging. On every continent, people are coming together to protect local ecosystems and communities by building more localized, place-based economic structures. These initiatives are of a scale that allows culture and ecology to shape the economy, rather

than the other way around.

They are testimony to people's strength, perseverance and good will, and have the potential to multiply rapidly, transforming our political and economic landscape over the coming years. For nearly 40 years now, my organization and I have been raising awareness about the need to shift direction, away from globalization towards localization – the most strategic, effective and common-sense way to reverse the damage caused by the global economy. Strengthening local economies leads to personal, or “inner” as well as political, or “outer,” changes. At the political level localization is the economics of both justice and sustainability, because it dramatically shrinks the gap between rich and poor, while reducing energy use and pollution. At the personal level localization is the economics of happiness, because it reconnects us with community and nature. My eyes were opened to all of this in Ladakh, or “Little Tibet”, which I encountered in 1975, just as the region was thrown open to the global economy. As a linguist, I quickly became fluent in the Ladakhi language, enabling me to experience this ancient, nature-based culture almost, as it were, from the inside. Over the next decade I witnessed firsthand the devastating impact of economic development. I came to see how our economic system centralizes power and creates intense competition for artificially scarce educational opportunities and jobs, while at the same time reaching deep into the psyches of young children, perverting

a universal need for love and acceptance into a need to consume. In Ladakh, this proved a deadly combination, leading within a decade to depression and suicide, violent conflict, and the ravaging of nature.

I became extremely motivated to share these observations. Speaking seven languages, I was invited to address both policy makers and grassroots organizations in numerous countries. My motivation increased when I realized how many well-intentioned people were inadvertently supporting an economic system that was not only environmentally destructive, but ultimately threatened their own well-being. I saw how ideas about progress, education, individualism and democracy were transformed into blind support for economic growth and development; how idealism and good will ended up in the service of mindless waste, consumerism, unemployment and insecurity. My thinking was reinforced by colleagues in Scandinavia who opposed joining the European Union. They recognized that the union was primarily an economic one: it was pushed by big businesses, which regarded Europe's different currencies, cultures and languages – in other words, diversity – as obstacles to corporate efficiency and profit. My friends' fears about the impacts of a trade-obsessed “borderless” Europe on culture, democracy, and the environment echoed my own concerns about opening up Ladakh to the global economy. With this perspective further strengthened by E.F. Schumacher's seminal book *Small is Beautiful*, I tried to raise awareness about the urgent need for a shift – away from ever faster-paced, larger-scale and more centralized

economic structures, towards more decentralized or localized, human-scale economies. At first there was interest even from mainstream organizations and media. I was invited to speak at Harvard and Oxford, was interviewed by large publications, appeared on television, and met with members of parliament and even some Prime Ministers. In the early 1990s, however, free trade treaties like NAFTA and GATT allowed economic globalization to take off, and ideas about decentralization and localization became increasingly marginalized. The giant corporations and media conglomerates that pushed for globalization gained so much wealth and power that they were able to shape not only government policy, but public opinion and intellectual discourse. Their influence on the environmental movement led to a shift away from fundamental political change, towards a focus on market solutions like green consumerism, ethical investment, and carbon trading. In recent years faith in the market has weakened, as awareness of the social and ecological impact of the global economy has increased. The financial crisis of 2008 in particular has led to a greater understanding of the implications of blind, irresponsible speculation. Meanwhile, people at the grassroots have been working to rebuild their communities and local economies. Unrecognized by the mainstream media and unsupported by government, these efforts have nonetheless sprung up all over the world. They aim to shorten the distance between production and consumption and to build more self-reliant local, regional and national

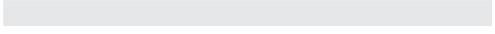
economies; they bring markets and businesses down to a scale that allows for accountability and transparency; they respect and work with the natural world around us – and demonstrate that, even on a crowded planet, human needs don't have to be at odds with the needs of nature.

What is emerging, in other words, is not only a deep and broad critique of corporate capitalism and its consumer monoculture, but a planet-wide localization movement that offers real alternatives and lasting solutions.

Localization does not mean isolationism: in fact, the policy steps needed to shift from globalizing to localizing economic activity require international collaboration. We need binding treaties to protect the environment, rather than free trade treaties that protect the profits of global banks and corporations. Even at the grassroots we urgently need to share information and collaborate with others at every level – within communities, within nation states, and internationally. Nor is localization a rigid prescription. On the contrary, it is a process of adapting economic activity to diverse places and people. I call it “bringing the economy home”.

The benefits of localization go far beyond what we would ordinarily consider economic. In both the global North and South, local economies not only help ensure greater job security, prosperity and income equality, they also provide the framework needed to support strong communities, which in turn support the health of the individual – both psychologically and physically.

Ultimately, localization renews our connections – to one another, to our communities, to the living world around us. It satisfies our deep longing for purpose and belonging, and for a secure future for ourselves and our children.



PART I

THE LOSE-LOSE ECONOMY

What is Globalization?
Deregulation of Trade
Free Trade's Assault on Democracy
Subsidizing Inefficiency
A Subsidy Primer
Deregulation of Finance
Financial Weapons of Mass Destruction
Debt, Structural Adjustment and Austerity
Corporate Rule
Counting the Costs

THE LOSE-LOSE ECONOMY

Globalization has resulted in a massive increase in the scale of the economy, leading in turn to a cascade of serious problems. Because ever-expanding economies require ever more resources, wilderness is being destroyed and biodiversity eroded. Meanwhile an expanding stream of waste is being produced – including greenhouse gases that are destabilizing the climate and nuclear waste that will still be toxic to our great-grandchildren.

The scaling-up of the economy is also affecting our personal well-being. People are losing not only financial security but also the psychological security that springs from meaningful work and lasting connections to people and place. In both richer and poorer nations, we are seeing epidemics of depression and suicide.

As corporate-controlled media and Western-style schooling combine to spread a consumer monoculture around the world, unique individuals are being transformed into mass consumers, and diverse cultural traditions are being

homogenized. With the gap between rich and poor widening worldwide, conflict and violence are on the rise. While these and many other problems are structurally connected to economic globalization, the huge scale of the economy makes it hard to see those links. Even government leaders and corporate CEOs can be unaware of the impact their decisions have on the other side of the world. The same has become true of most of us: the distances between producers and consumers have grown so wide that it has become impossible to make ethical choices. A fish served in a California restaurant may have been caught illegally on a Thai fishing vessel manned by slaves. A T-shirt bought in Germany may have been sewn in a Bangladeshi sweatshop, where workers labored in unsafe conditions for starvation wages. The rising consumption levels of India's middle class may be contributing to climate chaos many thousands of miles away. It is as if our arms have grown so long we cannot see what our hands are doing.

However, if we carefully examine the mechanisms of globalization and its structural impacts, we can begin to see how the economic system has become so destructive. And, even more importantly, we can see how to fix it.

What is globalization?

economic globalization. noun. 1. the deregulation of trade and finance in order to enable businesses and banks to operate globally; 2. the emergence of a single world market dominated by transnational companies; (often confused with international collaboration, interdependence, global community.)

We frequently hear the term “globalization”, but what does it mean? For some, it connotes a borderless world, with new technologies facilitating the free flow of ideas and innovation. To others, it's an interconnected planet in which webs of trade relationships make every nation dependent on every other nation, for the good of all. For still others it means a “global village” – a peaceful, cooperative planet shrunk to human scale. But at its core, globalization is an economic process: it's about deregulating trade and investment – freeing up big businesses and banks to enter

and dominate local markets worldwide. Paul Hellyer, former Deputy Prime Minister of Canada, defines globalization this way:

“Globalization is really a code name for corporatization. It’s an attempt by the largest corporations in the world, and the largest banks in the world, to re-engineer the world in such a way that they won’t have to pay decent wages to their employees, and they won’t have to pay taxes to fix potholes and to maintain parks, and to pay pensions to the old and handicapped.”¹

Although large corporations and banks are working to “re-engineer the world”, in Hellyer’s words, globalization is often portrayed as the product of natural and evolutionary forces beyond anyone’s control. The World Bank’s website, for example, claims that “Globalization is an inevitable phenomenon in human history.” Further down the page, however, the Bank acknowledges that globalization is actually not inevitable at all: “[It] occurs when countries lower barriers such as import tariffs and open their economies up to investment and trade with the rest of the world.”² In other words, globalization would not be happening unless governments changed the rules in order to promote it.

At a fundamental level, today’s “globalization” is simply a new form of the exploitative process of conquest and colonialism that began 500 years ago. In its present phase the system is penetrating the furthest reaches of the planet, absorbing every ecosystem and every local, regional and national economy into a single centrally managed world economy based on perpetual growth, rampant consumerism and corporate control.

DEREGULATION OF TRADE

Economic globalization is a process by which global trade and investment are deregulated, primarily through “free” trade treaties and agreements (see “What is Globalization?”, page 10). One of the earliest modern trade agreements, the General Agreement on Tariffs and Trade (GATT), was established in the aftermath of World War II with the explicit purpose of reducing tariffs and so-called “barriers to trade”. Starting in the 1990s the number of trade agreements began to increase sharply. The year 1994 was a watershed: the North American Free Trade Agreement (NAFTA) came into force, and the World Trade Organization (WTO), the supranational institution that regulates global trade, was created. Since then literally thousands of regional and bilateral trade and investment

agreements have been ratified. At the time of writing there are still more agreements under negotiation, but by far the most far-reaching in terms of size and scope are the Transatlantic Trade and Investment Partnership (TTIP), and the Trans-Pacific Partnership (TPP). TTIP is being negotiated between the United States and the European Union, while the TPP includes the US, Canada, Australia, New Zealand, Japan, Mexico, and six other countries. Combined, the TTIP and TPP could create “free” trade zones encompassing the vast majority of international trade.³

What all of these treaties have in common is that they give corporations and foreign investors the freedom to move in and out of national economies in search of “favorable business environments” – where labor and resources are cheap, taxes are low,

and environmental and social protection measures are lax or non-existent. The economist Jeffrey Sachs, an authority on economic development and poverty, explains how this process works:

“When capital becomes internationally mobile, countries begin to compete for it. They do this by offering improved profitability compared with other countries, for example, by cutting corporate tax rates, easing regulations, tolerating pollution, or ignoring labor standards. In the ensuing competition among governments, capital benefits from a ‘race to the bottom,’ in which governments engage in a downward spiral of taxation and regulation in order to try to keep one step ahead of other countries. All countries lose in the end, since all end up losing tax revenue and regulations needed to manage the economy. The biggest loser ends up being internationally immobile labor...”⁴

One way free trade treaties create this “downward spiral of taxation and regulation” is by allowing any national policies – including domestic labor laws that mandate humane working conditions or rules that limit pollution of air and water – to be struck down if they are perceived to be barriers to trade or foreign investment. For instance, many treaties include “investor-state dispute” instruments, which grant private corporations the right to sue governments if they believe that regulations will reduce their expected profits. Tobacco giant Philip Morris has filed such a suit against the Australian government, which had required changes to cigarette packaging in the name of public health. (see below: “Free Trade’s Assault on Democracy”). 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, or to engage in costly legal battles that take place in secretive, corporate-friendly arbitration tribunals outside of their own domestic courts.

FREE TRADE'S ASSAULT ON DEMOCRACY

The number of investor-state dispute cases has risen dramatically since the mid-1990s when the first modern “free” trade treaties were signed into law. Through the end of 2014 the number of disputes totaled 608, with 42 new cases introduced in 2014 alone. Of the cases that have been concluded, 25 percent were decided in favor of investors, 37 percent in favor of States, and the remainder settled or discontinued.¹

SOME EMBLEMATIC INVESTOR-STATE DISPUTES

Corporations versus public health:

Philip Morris v. URUGUAY & AUSTRALIA

US tobacco giant Philip Morris is suing Uruguay and Australia over their anti-smoking laws. The company argues that warning labels on cigarette packs and plain packaging prevent it from effectively displaying its trademark, causing a substantial loss of market share.



Corporations versus environmental protection:

Vattenfall v. GERMANY

In 2012, Swedish energy giant Vattenfall launched an investor-state lawsuit against Germany, seeking €3.7 billion in compensation for lost profits related to two of its nuclear power plants. The case followed the German government's decision to phase out nuclear energy after the Fukushima nuclear disaster.



Corporations versus financial crisis:

Utilities v. ARGENTINA

When Argentina froze utility rates and devalued its currency in response to its 2001-2002 financial crisis, it was hit by over 40 lawsuits from companies like CMS Energy (US) and the water companies Suez and Vivendi (France). By the end of 2008, awards against the country totaled more than US\$1 billion.



Corporations versus environmental protection:

Lone Pine v. CANADA

On the basis of the North American Free Trade Agreement (NAFTA), US company Lone Pine Resources Inc. is demanding US\$250 million in compensation from Canada. The “crime”? The province of Quebec placed a moratorium on fracking, based on concerns about the technology's environmental risks.



Corporations versus public health:

Achmea v. SLOVAKIA

At the end of 2012, Dutch insurer Achmea (formerly Eureko) was awarded €22 million in compensation from Slovakia, because the Slovak government had reversed the privatization policies of the previous administration and required health insurers to operate on a not-for-profit basis.



1 European Commission, 'Investor-to-State Dispute Settlement (ISDS): Some facts and figures', March 12, 2015. http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153046.pdf (accessed 25 April 2016).

2 This text is adapted from the report: 'A Transatlantic Corporate Bill of Rights: Investor privileges in EU-US trade deal threaten public interest and democracy', October 2013 by The Seattle to Brussels Network, Corporate Europe Observatory and The Transnational Institute

<http://corporateeurope.org/trade/2013/06/transatlantic-corporate-bill-rights>. Used here in accordance with the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported License

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“Free” trade agreements have helped fuel an explosive growth in international trade, which is now almost thirty-two times greater than it was in 1950.⁵ Imports and exports make up a much larger proportion of economic activity than ever before: in 1960 trade accounted for less than 25 percent of world output; by 2012, that figure had increased to 60 percent.⁶ This tremendous growth has, in turn, stoked the expansion of the

corporations that dominate the global economy.

Trade is an activity that people and nations have engaged in for millennia. But in the past, long-distance trade was a secondary concern for most societies: the primary economic goal was meeting people's needs using the resources available within relatively short distances. Only once essential needs had been met locally did questions of

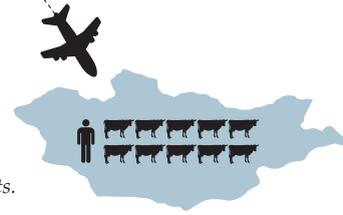
trading surplus production with outsiders arise.

Today, however, international trade has come to be pursued as an end in itself. This modern emphasis can be traced to an 1817 theory of political economist David Ricardo, which holds that nations are better off if they specialize their production in areas where they excel – those in which they hold a “comparative advantage” - and then trade their surpluses for goods they need but no longer produce. Although the supposed goal is increased “efficiency”, the result has been a system that is highly *inefficient* and wasteful. But since most of the social and environmental costs are “externalized” - shifted to taxpayers or the environment - the theory's shortcomings are not immediately apparent. Comparative advantage still guides government planning and decision-making today, and is at the heart of the dogma of free trade.

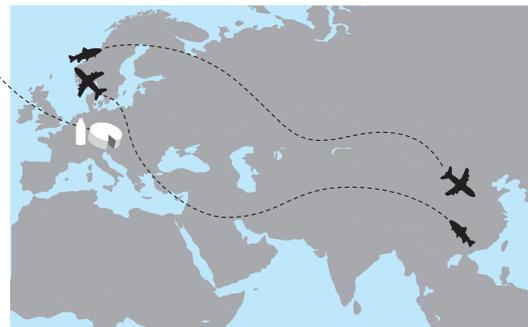
In the mistaken belief that trade is always good and that more trade is always better, governments make massive investments in trade-based infrastructures, sign on to trade treaties that open their economies to outside investment, and scrap laws and regulations designed to protect national and local businesses' jobs and resources.

Whole economies are becoming dependent on trade and virtually every sphere of life is being affected. The impact on food - one of the only products that people everywhere need on a daily basis - is particularly revealing. Today, one can find apples shipped from New Zealand in apple-growing regions of Europe and North America; shoppers on the Citrus Coast of Spain will find lemons from Argentina on supermarket shelves, while local lemons are left to rot. In Mongolia – a country with 10 times as many milk-producing animals as people – shops carry more European dairy products than local ones.

Mongolia has 10 times more dairy animals than people, yet supermarket shelves carry more European than local dairy products.



Even worse is “redundant trade”: in a typical year, Britain exports millions of liters of milk and thousands of tons of wheat and lamb, while importing nearly identical amounts.⁷ This pattern of importing and exporting similar products has been documented in many other countries as well. In some cases, it is literally the same product that is both exported and imported: the *New York Times* reports that “Cod caught off Norway is shipped to China to be turned into filets, then shipped back to Norway for sale.” That's a 10,000-mile round-trip journey.⁸



Cod caught off Norway takes a 10,000-mile round trip to be fileted and returned for sale on the local market.

In an era of runaway climate change and dwindling fossil fuels, this kind of wasteful trade – which greatly overshadows the efforts of well-meaning individuals to reduce their personal carbon footprints – is little short of madness. What are the benefits of transporting food or any other basic commodity such distances, when they can be (and indeed for centuries have been) produced locally? How can these arrangements be described as economically “efficient”? As we will see, this excessive trade actually benefits no one but massive corporations. And it is not efficiency, but a wide range of subsidies and ignored costs that make it all possible.

SUBSIDIZING INEFFICIENCY

Proponents of globalization point to the lower cost of many globally-traded goods as proof that economic efficiency is at work. However, a close look at the way the global economy is subsidized deflates this argument. Not only do governments promote trade through international treaties, they do so by handing out hundreds of billions of dollars in direct subsidies to the trading sector of their economies through tax breaks, market access programs, production subsidies, loan guarantees and more (see “A Subsidy Primer”, p.16)

It isn't just national governments that subsidize international trade: state and local governments also roll out the red carpet for big business. For example, a *New York Times* investigative report found that state and local governments in the US provide over \$80 billion dollars per year in tax incentives, free public land, infrastructure assistance, low-cost financing and other subsidies to attract and retain large, non-local businesses. These subsidy programs are administered “almost exclusively to the benefit of big corporations (aided by highly paid lobbyists) at the expense of small businesses.”⁹

Governments also provide indirect or hidden subsidies to big businesses. By reducing the cost of long-distance transport, for example, fossil fuel subsidies indirectly subsidize the global economy, helping to prop up the energy-intensive system of mass production for mass consumption that globalization has spread around the world.

Indirect subsidies also include government investments in the infrastructures that a trade-based economy requires. These taxpayer-supported infrastructures include:

Long-distance transport networks – multi-lane highways and motorway networks, shipping terminals, airports, high-speed rail, container facilities, export processing zones, etc.;

Energy infrastructures – large, centralized electric power plants (including nuclear power stations and huge hydroelectric dams), petroleum facilities, gas and tar oil pipelines, etc.;

High-speed communications and information networks – satellites, mobile telephone networks, television, radio and the internet;

Research and development institutions – facilities that develop labor-displacing technologies for industry and agriculture, and technologies to expand and modernize the physical infrastructures supporting the global economy.

Though much of this infrastructure is also used by small businesses and the general public, transnational corporations and their global supply chains benefit disproportionately from it. It's therefore not surprising that, in 2014, leaders from the twenty largest economies in the world launched the G20 Global Infrastructure Initiative, pledging trillions of dollars to help fund this massive expansion of infrastructure – an announcement that alarmed many ecologists but delighted the corporations involved in global trade.¹⁰

An additional kind of hidden subsidy involves the negative impacts associated with economic activity – the health effects of pollution, for example, or the damage caused by climate change. These costs are almost never subtracted from corporate bottom lines; instead, these “externalized” costs are paid by society and the natural world, amounting to hidden subsidies that artificially inflate corporate profits. Commenting on a report showing that industry is consuming the planet's “natural capital” (forests, soils, fisheries, mangroves, ecosystems services, etc.) at a rate of nearly \$7.3 trillion per year, journalist Jeff Spross noted that “Much of the global economy, in other words, is a giant Ponzi scheme that is (temporarily) viable only because

markets fail to account for the value and use of the natural ecology – on which civilization depends for its crops, water, air, its very livelihood.”¹¹

Because of this system of direct and indirect subsidies, the price of goods transported halfway around the world can seem artificially cheap in

comparison to goods produced next door. This is why garlic transported to Spain all the way from China can be half the price of locally-grown garlic: neither the pollution involved in its transport nor the cost of the required transport infrastructure are reflected in its price.

A subsidy primer

DIRECT SUBSIDIES

In the US, the Market Access Program provides about \$200 million annually to companies and trade associations to expand international markets for products ranging from Welch's grape juice and Blue Diamond almonds to beer, liquor, candy bars and pet foods.³



\$200
MILLION

The Export-Import Bank, a US government agency, provides loans and loan guarantees to international buyers of US goods and services. Of the \$6.9 billion in direct loans made by the agency in 2013, 81 percent was for purchases from just five firms, including Bechtel and General Electric; 65 percent of the bank's \$12.2 billion in loan guarantees supported exports from just one company, Boeing.⁴



\$12.2
BILLION

Governments often provide direct production-related subsidies for goods destined for export markets. According to the Environmental Working Group, the US government doled out an estimated \$256 billion from 1995 to 2012 to support a narrow range of commodity crops (corn, cotton, rice, wheat and soybeans) that were grown on large monocultural farms and exported to distant national or international markets. While most of these subsidies, 75 percent, went to the largest 10 percent of industrial agribusinesses, the majority of small-scale diversified farms – which primarily focus on meeting local needs – received no subsidies at all.⁵ The EU's agricultural subsidy program, part of the Common Agricultural Policy, has also favoured large industrial farms and export-oriented agribusinesses over small local producers.



\$256
BILLION



75% \$
EXPORT
0% \$
LOCAL

The watchdog group Good Jobs First found 240 economic development “megadeal” subsidies, in which local and state governments in the US provided \$75 million or more per company to locate in their area. The list of recipients included many familiar transnational corporations, including Exxon-Mobil, Royal Dutch Shell, Citigroup, Goldman Sachs, Walt Disney, General Electric, Dow Chemical, Amazon, Apple, Intel and Samsung.⁶ Wal-Mart has received over a billion dollars in state economic development subsidies in the US alone.⁷



\$18
BILLION

During tough times governments often bend over backwards to support big businesses. Following the financial crisis of 2008, giant corporations (especially large financial institutions) received substantial government support in the form of cheap

loan “bail-outs” – even while community banks and small businesses were left to flounder. All told, the US Federal Reserve provided an estimated bail-out of \$4.7 to \$29 trillion dollars to banks across the country, including the largest ones – JP Morgan Chase, Citigroup and Goldman Sachs – even though these companies played a direct role in destabilizing the financial system in the first place.⁸

\$200
MILLION

INDIRECT SUBSIDIES

The energy required by large-scale producers and international trade is heavily subsidized, making the whole system seem “efficient”. According to an IMF study, global fossil fuel subsidies amounted to a staggering \$5.3 trillion per year – the equivalent of \$10 million every minute.⁹

\$5.3
TRILLION

According to one analysis, worldwide infrastructure investment amounted to roughly \$36 trillion from 1995 to 2013, much of which was publicly funded. The same report concluded that an estimated \$57 trillion in infrastructure investment will be required between 2013 and 2030 to sustain global economic growth, including investments for roads, rail, ports, airports, water, power and telecommunications.¹⁰

\$93
TRILLION

A 2010 study conducted for the UN estimated the combined environmental externalities of the world's 3,000 biggest companies at a staggering US\$2.2 trillion in 2008, “a figure bigger than the national economies of all but seven countries in the world that year.”¹¹

\$2.2
TRILLION

A 2014 study estimated that the total ignored ecological cost of human activity ranges from \$4.3 to \$20.2 trillion per year! For comparison, the total annual value of the US economy is around \$16-17 trillion, while the world economy is roughly \$70 trillion per year. According to the same study, the benefits that humanity derives from the world's natural ecosystems – grasslands, marshes, coral reefs, forests, and the like – amount to an estimated \$143 trillion each year.¹²

\$143
TRILLION
+

A 2013 study on climate change – perhaps the largest externality of all – found that “just 90 entities are responsible for extracting most of the fossil fuels that have been burned over the past 150 years. These 'carbon majors' include 50 investor-owned companies, such as Texaco and Exxon-Mobil, 31 state-owned companies, such as Saudi Aramco and Pemex, and nine government-run industries in the former Soviet Union, China and other countries. Emissions from burning these fuels total nearly two-thirds of all the carbon that has been emitted into the atmosphere during the industrial era.”¹³

90
COMPANIES
66%
EMISSIONS

In a sense, today's globalized economy has been subsidized by the countries of the South for the past 500 years, at great expense to their own cultures, their land and their economies. The centuries-long dominance of the Western industrial countries could never have arisen without prolonged access to the South's raw materials, markets and labor – including slave labor. Although the true cost of the slave trade is incalculable, calls for reparations have ranged from tens to hundreds of trillions of dollars.¹⁴

SLAVERY
?

- 3 Coburn, T. (2012) 'Treasure Map: The Market Access Program's Bounty of Waste, Loot and Spoils Plundered from Taxpayers', http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=5c2568d4-ae96-40bc-b3d8-19e7a259f749, (accessed 18 June 2014).
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DEREGULATION OF FINANCE

Along with the deregulation of trade, a major driver of globalization has been financial deregulation – the elimination of obstacles to foreign investment and speculation. Financial deregulation had already begun by the 1970s in many countries, but accelerated dramatically in 1999, when 70 WTO member countries, representing more than 95 percent of the world's financial services activity, agreed to "eliminate or relax current restrictions on foreign involvement in the financial sector, including banking, securities and insurance."¹² Provisions for deregulating financial services have been incorporated into the hundreds of bilateral and regional trade agreements that have been signed since then.

As capital became increasingly free to move around the world in search of higher profit, financial hubs like New York City, London, Frankfurt and Singapore relaxed their regulatory oversight still further, engaging in a "race to the bottom" to attract finance

capital. New markets and complicated financial instruments were created (see "Financial weapons of mass destruction", page 20), contributing to an explosive growth of financial activity: cross-border flows of capital rose from \$500 billion in 1980 to \$11.8 trillion in 2007.¹³ The financial system has become highly complex, globally interconnected, and ultimately very unstable.

Not surprisingly, financial deregulation has led to an increase in the frequency and severity of financial crises. With massive flows of capital able to move quickly in and out of countries in search of profit at the click of a button, entire economies can be quickly destabilized, creating surges of unemployment and economic hardship. Volatile capital flows contributed to economic crises in Mexico (1994), Turkey (1994 and 2001), Southeast Asia (1997), and Argentina (2001). More recently, financial deregulation was among the primary causes of the Global Financial Crisis of 2008. What's worse, as economies have become increasingly interconnected, financial crises have become more contagious, spreading

quickly from one country to another. In spite of this heightened risk, stronger financial regulations proposed in the wake of the 2008 crisis have been stalled or watered down. Meanwhile, new measures intended to extend and expand financial deregulation are part of the TPP and TTIP treaties. A further reason for the volatility of the global financial system is that so much of the money circulating within it is “phantom wealth” – defined by author David Korten as “financial assets that appear or disappear as if by magic as a result of accounting entries and the inflation of asset bubbles unrelated to the creation of anything of real value or utility.”¹⁴

Much of this phantom wealth has been created by deregulated banks through debt pyramids, in which asset bubbles create phantom collateral that can be used to support further borrowing. Banks are required to hold only a small fraction of deposits in their reserves, using the rest for loans and speculative ventures. During the last few decades of financial deregulation, banking reserve requirements have been lowered to such an extent that about 97 percent of the money circulating in the economy today – the digital pulses that correspond to billions and trillions of dollars – is backed by nothing but debt.¹⁵ Every time a bank issues a loan, money has been “created” – money that must be paid back to the bank with interest. Private banks have, in effect, been given a license to print money.

Rather than being used to meet the real needs of communities, most of this steadily-expanding supply of money is being created for no other purpose than to obtain the highest and quickest returns possible. Much of the money is used for purely speculative purposes – to make still more money.

The leveraging of debt into huge speculative trades on financial and stock markets was among the causes of the 2008 global financial meltdown. Despite the lessons of that crisis, highly leveraged debt remains a central feature

of the global economy. According to a 2015 report by the McKinsey Global Institute, “Seven years after the bursting of a global credit bubble resulted in the worst financial crisis since the Great Depression, debt continues to grow. In fact, rather than reducing indebtedness, or deleveraging, all major economies today have higher levels of borrowing relative to GDP than they did in 2007. Global debt in these years has grown by \$57 trillion.”¹⁶

Financial deregulation has also contributed to the dramatic increase in inequality around the world. Massive speculative bets on exchange rates can cause national currency values to crash overnight – enriching a handful of investors but causing real hardship for the majority. In commodities markets as well, a high proportion of trades are speculative, with no actual physical goods being traded. But the impacts of speculation are all too real: bets on agricultural commodities can cause their prices to collapse (driving farmers into bankruptcy), or to spike (causing millions of people to go hungry – as happened in 2008, when food riots broke out in many developing countries¹⁷).

Despite a brief hiatus following the financial crisis of 2008, stock markets, financial sector profits and Wall Street bonuses have soared, while wages for ordinary workers have remained stagnant at 1970s levels.

As two scholars recently concluded about the US, “the rise of finance is one of the driving forces behind growing income inequality and the concentration of income at the very top.”¹⁸

Meanwhile, the system of ever-expanding interest-bearing debt creates a structural imperative for further economic growth to avoid further economic crises – even though the ecological destruction wrought by endless growth now imperils the biosphere itself. This is clearly a system run amok.

Forced to go hat-in-hand to international lenders, countries can easily find themselves on a downward spiral, with interest payments consuming an increasing proportion of the national budget. It's no wonder that so many governments today are struggling to stay afloat, while global corporations and banks are flush with cash.

This is the recent experience of Spain, Portugal, Greece, and several other countries. Not even the United States is immune: during the debt ceiling crisis of 2011, the country lost its top-tier credit rating as politicians wrangled over further expansions of government borrowing. Only a last-minute deal to raise the debt ceiling prevented the US from defaulting on its loans. The situation was nearly repeated again two years later. By mid-2015, US national debt had reached more than \$18 trillion.¹⁹

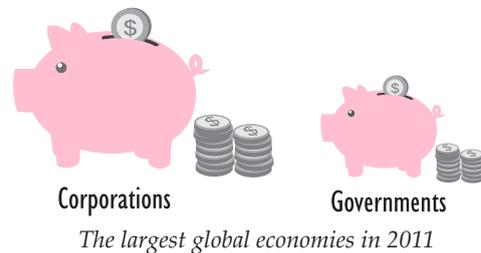
For smaller countries, even a small fraction of that debt can be crippling. To mollify creditors, austerity measures are required that usually lead to higher unemployment, spending cuts to critical social programs, and massive protests.

The situation is unlikely to improve as governments sign up for the only solution offered: more debt and less autonomy.²⁰

CORPORATE RULE

Subsidies and regulations geared toward ever-increasing trade, combined with the deregulation of trade and finance, have helped to expand the size of markets to global proportions. In the process, large transnational corporations and banks have been able to grow still larger by invading and absorbing the markets of smaller, more locally-oriented businesses. Although they are unaccountable to any electorate, many of these corporations are now so big that they wield more economic and political power than national governments: of the 175 largest economies in the world in 2011, 111 were corporations.²¹ The revenue of

a single company, Shell, was larger than the GDP of 110 individual countries and more than that of Ireland, New Zealand and Bangladesh combined.



(Nonetheless, the United States government alone provides between \$10 billion and \$52 billion a year in subsidies and tax cuts to large oil companies – Shell included.)²²

The globalization of the economy has given big businesses unprecedented influence over policymaking.

Governments naively support what they think of as “their” transnationals, even though corporations today demonstrate no loyalty to place.

Some of this benevolence towards large corporations may stem from the “revolving door” between government and big business. For example, the former chair of the US Federal Communications Commission (FCC) is now the CEO of the cable industry’s primary lobbying group, the National Cable and Telecommunications

Association – a position the *current* FCC chair once held.²³ Such blatant conflicts of interest are now commonplace: a 2011 study revealed that 400 former US legislators and 5,400 former congressional staffers had become lobbyists over the previous decade.²⁴

While governments claim they are representing the interests of their citizens when they negotiate trade treaties – whether the over-arching trade rules overseen by the WTO, regional treaties like NAFTA, the TTIP and the TPP, or the many bilateral trade agreements involving just two countries – the reality is that the representatives around the negotiating table are essentially

working on behalf of transnational corporations. For example, negotiations for the TPP have been held in secret behind closed doors, with the public left to depend on leaked documents for information about what's being proposed; meanwhile, over 600 corporate "trade advisors" have had seats at the negotiating tables from the beginning.²⁵

Campaign contributions also play a role. During the US Senate debate over "fast-tracking" the TPP, for example, members of the US Business Coalition for TPP – comprising many of the largest corporations in the country – made donations totalling more than \$1 million to the campaign war chests of key senators. "It's a rare thing for members of Congress to go against the money these days," said Mansur Gidfar, spokesman for the anti-corruption group Represent.Us. "They know exactly which special interests they need to keep happy if they want to fund their re-election campaigns or secure a future job as a lobbyist."²⁶

All combined, the hypermobility of transnational corporations, the creation of money by deregulated banks, and the cozy relationship between government and big business have created a system of global corporate rule. The result has been the erosion of democracy and an international "race to the bottom", with social, environmental and health standards in almost every country heading towards the lowest common denominator.

COUNTING THE COSTS

In the long term, the increasingly globalized economy has no winners. Among the first losers have been small farmers, the poor, and the disenfranchised. But as the economic, social and environmental costs of globalization mount, not even the wealthy few can escape its impact: they too must survive on an

ecologically degraded planet and suffer the consequences of a social fabric ripped apart.

Here are just some of the costs of globalization:

Loss of livelihoods

As corporations roam the world seeking the cheapest labor and most lax regulatory environment, livelihood security has become a thing of the past. The impact of NAFTA is a case in point, with livelihoods lost on both sides of the Mexico-US border. For instance, the Economic Policy Institute has estimated that NAFTA resulted in a net loss of 682,900 jobs in the US.²⁷ At the same time, Mexican family farmers were also hit hard by the trade agreement, with heavily-subsidized US corn flooding into Mexico, reducing the price received by small Mexican farmers by over 60 percent from the 1990s to 2005.²⁸ Millions of small farmers have been adversely affected, with nearly 2 million forced out of farming altogether since NAFTA's inception. The benefits have been hard to discern: despite the new factory jobs on the US-Mexican border (where people toil under sweatshop conditions, disconnected from community), the unemployment rate in Mexico was higher in 2014 than 1994.²⁹

All over the world, jobs are lost when a big business displaces local businesses. For example, the giant online marketer Amazon employs about 14 people for every \$10 million in retail sales. Main street shops employ 47 people for the same amount of sales.³⁰



Environmental breakdown

Globalization is intensifying the already serious ecological consequences of industrialization by spreading a resource-intensive, growth-based consumer economy to every corner of the world.

Evidence of global environmental decline abounds. Thanks to corporate agriculture, topsoil is being rapidly lost through nutrient depletion and erosion. Whole tracts of irreplaceable forest are being decimated by the global timber, oil, and mining industries. The planet's diversity of plant and animal species is being lost at 100 to 1,000 times the natural rate of extinction, ranking this as one of the planet's great extinction waves.³¹ While terrestrial wildlife struggles to survive, the health of the world's oceans is also spiraling downwards – the product of plastic waste, pollution, acidification and industrial fishing. And while climate change already threatens our very survival, economic globalization threatens to make it worse: even the WTO admits that “more open trade would be likely to increase CO₂ emissions.”³²

The continued deregulation of finance and trade is creating an extractive megamachine, with trillions of dollars searching for ever more energy and resources through gas-fracking, mountaintop removal, tar sands mining, deep sea oil wells, nuclear power, geo-engineering, and more. And as people in developing countries are encouraged to emulate a Western lifestyle, the situation is rapidly worsening. Already, India is the third largest emitter of CO₂ in the world; its per capita emissions are projected to triple by 2030.³³ A 2014 study assessing the ecological footprint of nations highlights the impossibility of creating a global consumer economy in which everyone lives the American Dream: if everyone had the same per capita ecological footprint as an average American, we would need 3.9 planets.³⁴

Accelerating these trends through globalization is simply incompatible

with the needs of the living world: our finite planet does not have the capacity to sustain an economic system based on ever-expanding consumption. Yet the premise of globalization is that more of the world's people – all of them, in fact – should be encouraged to enlist in this destructive system.

Lack of resilience

Because globalization encourages countries to specialize their production, most now rely on imports for even basic domestic needs. Tied to a complex system of imports and exports, they are tightly linked to a volatile global economy over which they have no control. Natural disasters, wars, disease, economic slumps – and of course, speculation – in one part of the world can have a direct impact on countries many thousands of miles away. In fact, a growing body of evidence now shows that economic globalization has created new systemic risks and vulnerabilities.

Erosion of democracy

As decision-making becomes centralized into unelected, unaccountable bodies like the WTO, the IMF, and the European Commission, the influence of the individual steadily shrinks. This is true even in nominally democratic countries: people may still have the right to vote for national and local leaders, but as political parties from both the left and right embrace the wishes of corporate and banking interests, voting can become all but meaningless. And as corporate interests become ever richer thanks to globalization, they are able to increase their expenditures on lobbyists, campaign contributions, and political advertising – giving them still more influence over government decision-making.

Growing gap between the “haves” and the “have-nots”

Contrary to the empty slogan, “a rising tide lifts all boats,” global growth is actually leading to a widening gap between rich and poor. The wealth of the 80 richest people now equals that of the poorest half of the world's population – more than 3 billion people – and the inequality is worsening.³⁵

Historically, the widest disparities in wealth were between rich and poor nations. However, as globalization has swept around the world, income inequality has become a pressing issue within most countries. In China, for example, measures of inequality nearly doubled between 1980 and 2010. In one recent survey, Chinese people ranked inequality as the country's top social challenge, ahead of corruption and unemployment.³⁶ Since the end of the apartheid era, the wealth gap in South Africa has also increased, with shanty-towns butted up against luxury, gated housing developments.³⁷ And in nearly every industrialized country, income inequality has risen since the 1970s.³⁸

Unhealthy urbanization



In 2005, 1 billion people lived in urban slums. This figure is expected to double by 2030.

Globalization erodes rural economies, leading to a massive population shift from rural areas to the cities. This is particularly true in the South, where the global economy is steadily breaking down more self-reliant systems, leaving people little alternative but to migrate to cities whose populations are already exploding. As recently as 2005, a staggering 1 billion people lived in

urban slums – a number expected to double by 2030.

During the era of globalization, tens of millions of people have been evicted from their lands to make way for development projects undertaken in the name of “progress” and “growth”. A 2015 report by the International Consortium of Investigative Journalists found that in the preceding decade alone, development projects funded by the World Bank “physically or economically displaced an estimated 3.4 million people, forcing them from their homes, taking their land or damaging their livelihoods.”³⁹ This kind of displacement has been a primary driver of the growth of mega-slums, which are already home to nearly one billion people in the 'developing' world.⁴⁰

China offers an especially sobering case of forced urbanization. The official policy in that country is to move hundreds of millions of rural Chinese into urban areas over the next few decades in the name of economic growth and development. According to a *New York Times* report, “the ultimate goal of the government's modernization plan is to fully integrate 70 percent of the country's population, or roughly 900 million people, into city living by 2025.”⁴¹ Some argue that this represents an unqualified improvement in the prospects for the great masses of Chinese peasants who are its targets, but it's unlikely that China's increasingly mechanized factories will be able to absorb such a massive influx of workers (the country has started to experience so-called “jobless growth”). Moreover, the urban jobs that are created are often highly exploitative. As the AFL-CIO has pointed out, China's primary economic advantage has rested on the government's “unremitting repression of workers' rights [and] the ruthless exploitation of an estimated 100 million rural migrants.”⁴²

Even in the most industrialized countries, the urbanizing process

continues: jobs in the global economy are concentrated in sprawling metropolitan areas and their suburbs, while rural regions are systematically sapped of economic vitality.

In addition to a host of social problems, urbanization contributes to a substantial increase in resource use and pollution: virtually every material need of urbanized populations must be shipped in from elsewhere, while the resulting waste – much of which would be of use in a rural setting – becomes a highly concentrated source of pollution.

Loss of food security

There is a structural link between globalization and monoculture: global corporations are successful only if they can market on a massive scale for a huge number of homogenized consumers. In agriculture, this has meant a dramatic decrease in diversity, with thousands of local varieties abandoned for the relative few suited to monocultural production and favored by short-term profit motives. Overall, approximately 75 percent of the world's agricultural diversity was lost in the last century, a narrowing of the genetic base that puts food security at risk everywhere.⁴³

A handful of corporations now controls a growing proportion of the world's food supply. Contrary to common belief, this means an inefficient, wasteful use of natural resources: large-scale monocultures are actually less productive per acre than smaller diversified farms. Corporate control also threatens access to food for many people, like the residents of so-called “food deserts,” who are surrounded by packaged junk food but not nutritious, healthy, fresh food. Today, in fact, when the food supply is more tightly controlled by corporations than ever before, some 870 million people are undernourished⁴⁴ – even though more than enough food is produced to adequately feed everyone on the planet.

Declining health

Globalization is contributing to a decline in our physical well-being. Societies in the West are experiencing unprecedented rates of obesity, diabetes, heart disease and cancer, with the elite in developing countries fast catching up. Global food – genetically modified, laden with pesticide residues, preservatives, artificial flavorings and processed fats, and nutritionally depleted from long-term storage and long-distance transport – contributes significantly to these problems. So do pollution, sedentary jobs and being cut off from a sense of support and community.

There are also health costs from many of the corporate-controlled mega-technologies that have arisen in tandem with globalization. Many industrial agricultural inputs have been shown to be carcinogenic, while others contain endocrine disruptors that are extremely toxic even in minute amounts.

Microwave radiation from the use of cell phones and wireless devices has increased exponentially in recent years, with potential health impacts that have yet to be adequately studied. The same is true of nano-technologies, which have been incorporated into everyday products and rushed to market with little attention paid to the long-term health consequences. The global economy also relies on massive and ever-increasing amounts of energy, with a wide range of associated health impacts. The effects of fossil fuel dependence range from elevated rates of pollution-related respiratory diseases to “cancer alleys” near refineries. The health impacts of nuclear power will be felt near Japan's Fukushima plant for generations to come, while the millions of tons of spent fuel and low-level radioactive material piling up at other nuclear plants are health hazards now, and will remain so for thousands of years to come.

Psychological costs

Every day, people in the less-developed parts of the world are bombarded with media images that present the modern, Western consumer lifestyle as the ideal, while implicitly denigrating local traditions and land-based ways of life.

The message is that the urban is sophisticated and the rural is backward; that imports of processed food and manufactured goods are superior to local products; that “imported is good, local is crap,” in the words of an advertising executive in China.⁴⁵ Global advertising expenditures exceeded \$500 billion in 2014, with the highest rate of spending growth occurring in the less-industrialized countries of the South.⁴⁶

People are not only being lured to abandon local foods for McDonald's hamburgers and local dress for designer jeans, they are induced to remake their own identities to emulate the glamorous blonde-haired, blue-eyed stars of Hollywood films and American-style advertising. For the vast majority around the world, the attempt to live up to this artificial ideal will prove impossible. What follows is often a profound sense of failure, inferiority and self-rejection.

People are feeling the effects even in the West – the supposed epicenter of glamour. No matter who you are or where you live, the global consumer monoculture imposes an ideal that is impossible to attain, fueling feelings of insecurity that make it easier for corporate marketers to sell products to make you more attractive, popular, and “cool”. Children bear the brunt of this process, with drug abuse, violence and suicide steadily rising in the under-18 age group in many industrialized countries. Meanwhile, the World Health Organization (WHO) has reported that “Globally, more than 350 million people of all ages suffer from depression,” which is now “the leading cause of disability worldwide.”⁴⁷ Perhaps most alarming of all, in 2010 the WHO found that global rates of suicide had

increased by 60 percent since World War II.⁴⁸



“Globally, more than 350 million people of all ages suffer from depression,” which is now “the leading cause of disability worldwide.”

World Health Organization

Ethnic and racial conflict

The rise of violence and civil disorder around the world is a predictable effect of an economic system that imposes monocultural stereotypes while simultaneously heightening economic insecurity. The loss of self-esteem, along with intense competition for increasingly scarce jobs, is leading to deep social divisions. As people become trapped in a demoralizing system of cut-throat competition, there is an all-but-inevitable escalation in prejudice, racism, hostility towards immigrants, and tensions between ethnic groups. In their desperation, men who have been robbed of self-respect and the ability to provide for themselves and their families can end up abusing women and children in their own communities. And worldwide, all forms of religious fundamentalism are on the rise – Islamic, Christian, Jewish, Hindu and even Buddhist.

PART II

FROM GLOBAL TO LOCAL

What is Localization?
Countering the Objections
Rethinking the Past: Ancient Futures

FROM GLOBAL TO LOCAL

If globalization is the root of so many problems, it seems obvious that localization – a shift away from the global and towards the local – offers a systemic answer. Such a shift will require efforts on two very different levels. At the “bottom up” grassroots level, millions of local and regional enterprises are already demonstrating that they can do a better job than the handful

of monopolies that currently dominate the provision of basic needs. These community-based economic structures reweave the social and economic fabric in ways that meet the needs of nature – both wild and human. But in order for these initiatives to spread more widely, localization also requires “top down” policy change. Taxes and subsidies need to be shifted, and trade and finance need to be re-regulated so that businesses (banks included) become place-based and adhere to the rules and regulations determined by society.

What is localization?

Localization. noun. 1. the removal of fiscal and other supports that currently favor giant transnational corporations and banks; 2. reducing dependence on export markets in favor of production for local needs; ↗(often confused with isolationism, protectionism, the elimination of trade.)

Localization is a process of economic decentralization that enables communities, regions and nations to take more control over their own affairs. It does not mean encouraging every community to be entirely self-reliant; it simply means shortening the distance between producers and consumers wherever possible, and striking a healthier balance between local markets and a monopoly-dominated global market. Localization does not mean that people in cold climates are denied oranges or avocados, but that their wheat, rice or milk – in short, their basic food needs – do not travel thousands of miles when they can be produced within a fifty-mile radius. Rather than ending all long-distance trade, steps towards localization reduce unnecessary transport while strengthening and diversifying economies at the community as well as national level. Ultimately, the degree of diversification, the goods produced and the amount of trade will naturally vary from region to region.

COUNTERING THE OBJECTIONS

Calling for a fundamental shift in direction can elicit a chorus of objections. Here are some of the most common:

Isn't globalization necessary to relieve poverty?

There is a widespread belief that people in the countries of the South need Northern markets to lift themselves out of poverty, and that a greater degree of self-reliance in the North would therefore undermine

Third World economies. But a gradual shift towards smaller scale and more localized production would actually benefit both North and South, and facilitate meaningful work and fuller employment everywhere. As things stand, the globalized economy requires the South to send a large portion of its natural resources to the North as raw materials; its best agricultural land must be devoted to growing food, fiber, and even flowers for the North; and a good deal of the South's labor is employed in the cheap manufacture of goods for Northern markets. Rather than further impoverishing the South, producing more in the North would allow the South to keep more of its own resources, labor and production for itself. For example, a recent study showed that 550 million people in Asia, Africa, and Oceania could be fed from land that has been taken over by foreign governments and corporations – mostly for exported food and biofuel crops.⁴⁹

Doesn't localization lead to isolationism at a time when we need global cooperation?

There is no doubt that we need international collaboration to solve our global problems. Governments and grassroots groups alike need to exchange information across borders, and to push for binding agreements to reduce pollution, poverty and conflict. Unfortunately, many people believe that the globalization of the economy is necessary in order to bring about this type of collaboration. But as we have shown, globalization is leading to more conflict and competition, and exacerbating the very social and environmental problems we most urgently need to address. Forging international alliances that focus on scaling down the power of multinational corporations — enabling societies to set the rules for business, rather than the other way around — is the most strategic way forward.

Isn't localization a form of social engineering?

While shifting towards the local would require some intentional changes in policy, it is in fact today's "jobless growth" society that entails social and environmental engineering on an unprecedented scale: vast stretches of the planet and entire economies are being remade to conform to the needs of global growth, while people around the world are being encouraged to abandon their languages, their foods and their dress for a standardized monoculture. And in countries like India and China, policymakers explicitly call for moving hundreds of millions of people from villages to urban centers.

Rather than a centralized prescription from above, localization creates opportunities for diverse communities to define and pursue their own future.

Aren't there too many people for the majority to live on the land?

What is too easily forgotten is that nearly half of the world's people today – mostly in the Third World – are still rural. Ignoring them – speaking as if people are urbanized as part of the human condition – is a very dangerous misconception, one that is helping to fuel the whole process of urbanization. It is thus considered utopian to suggest a ruralization of America's or Europe's population, while China's plans to move 250 million people off the land and into cities by 2025 hardly elicits surprise.

Even in the North, rural communities are being steadily dismantled, their populations pushed into spreading suburbanized megalopolises where the vast majority of available jobs are located. In the United States, where only 15 percent of the population still lives in rural areas, there are now fewer full-time farmers than there are full-time prisoners.⁵⁰ It is impossible to offer that

model to the rest of the world, where large proportions of the population still earn their living as farmers. But where are people saying: “we are too many to create sprawling megalopolises”?

Aren't cities more efficient?

Even though people physically occupy a smaller land area in cities, urban centers around the world are extremely resource-intensive. The large-scale, centralized systems they require are, almost without exception, more stressful to the environment than small-scale, diversified, locally-adapted systems. Food, water, building materials and energy for cities all come from great distances via vast energy-consuming infrastructures; their concentrated wastes must be hauled away in trucks and barges, or incinerated at great cost to the environment. In their glass and steel towers with windows that never open, even air to breathe must be provided by fans, pumps and non-renewable energy. From the most affluent sections of Paris to the slums of Kolkata, urban populations depend on increasing amounts of packaging and transport for their food, so that every pound of food consumed is accompanied by still more petroleum consumption, as well as significant amounts of pollution and waste.

The problem is not the city per se: smaller towns and cities that maintain a balance with their rural surroundings are able to maintain both ecological and cultural vitality. But urbanization today continues to break down those healthier urban-rural relationships. It is a continuous process of centralization – of aggregating populations in sprawling metropolises separated from their most basic needs. This process may create “efficiencies” for the corporations that profit by providing those needs, but from an ecological and resource perspective it is neither sustainable nor efficient.

Don't most people prefer to live in cities?

It's often said that people everywhere are more attracted to city life, and that therefore the urban tide cannot be turned. However we need to keep in mind that there has been tremendous pressure – both psychological and structural – to pull people into cities. At the dawn of the globalizing economy these pressures included force and genocide. Later on, the pressures involved a continuous romanticizing of modern city life: the message was that urban modernity offered an escape from the supposed brutishness, ignorance and hopelessness of rural life.

Today, similar psychological pressures come from films, television programs and advertising, from schoolbooks and classrooms, even from the internet. Almost all our avenues for gaining knowledge have been profoundly affected by the assumption that urbanization, economic growth and technological progress are the only means of improving people's lives.

At the same time, our taxes have been systematically used to support urbanization; in the process, smaller cities, towns and rural areas have been steadily marginalized.

In this latest stage of globalization, industrial economies have been transformed into information or service economies, but the urbanizing pressures continue unabated. Urban life continues to be depicted as the locus of cutting-edge culture, while jobs and economic opportunities are concentrated in high-tech urban areas and their surrounding suburbs.

None of this is inevitable. If steps were taken to provide resources and employment opportunities in smaller towns and rural areas, there is little doubt that these places would thrive both economically and culturally, and would begin attracting residents. A study in Finland some years ago asked people in Helsinki: “if you could

have the same job in a smaller town, would you prefer to go there rather than stay in the capital?" The majority responded that they would opt to move out of the big city. Throughout the industrialized world, increasing numbers of young people are actively trying to move back to the land, as seen in the new farmers movement, the permaculture movement, and the eco-village movement.

Don't we need industrial agriculture to feed the world?

Supporters of industrialized agriculture would have us believe that farming today is more productive than ever – that to feed the world, we have to further intensify and globalize our food system. Yet, despite all our pesticides, fertilizers, genetic modification and high-tech processing systems, a tragically large proportion of the global population still goes to bed hungry every night. This is because the goal of the globalized system is not to provide adequate, nutritious food for people, but to provide profits for large agribusinesses, supermarket chains and other transnational food corporations.

If we really want to feed the world, we need to begin localizing our food systems. As noted in a 2013 report from the United Nations Committee on Trade and Development, "relying on international markets to meet staple food demand, while specializing in the production and export of 'lucrative' cash crops, has recently failed to deliver its desired results."⁵¹ The 60 international experts who contributed to the report recommended a "mosaic" approach to food production, supporting small farmers, agricultural diversity and self-reliance. Not only would this system help alleviate poverty and hunger, it would also produce more food overall. 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. In Kenya, for example, researchers found that if all domestic farms had the same productivity as the smallest ones, the country's agricultural output would double.⁵² Unfortunately, Kenyan farms are still being taken over by foreign corporations, amalgamated and turned into vast monocultures for export.

Isn't "fair trade" the solution?

Any international trade needs to be fair. Today's fair trade standards can offer guidance, but the primary emphasis should be on producing for local needs rather than for export. Even under fair trade conditions, a dependence on foreign markets means a precarious existence for producers. Countries in both North and South would be far better off if they were allowed to protect and conserve their natural resources, and prioritize support for national and local businesses that provide for local needs.

Doesn't localization mean going back to the past?

In modern discourse the past is often looked down upon, something to be left behind as we surge towards a gleaming, high-tech future. The localization movement doesn't idealize the past, but draws important lessons from both the history of land-based cultures and the history of their demise. These teach us the importance of local knowledge and of embedding culture in local ecosystems. They teach us how community is strengthened by local economic interactions, and how community forms the basis for strong individual identity and self-esteem. And they teach us the cost of severing these connections to people and place. (see "Rethinking the Past: Ancient Futures", page 32).

RETHINKING THE PAST: ANCIENT FUTURES



Ladakh

In order to see clearly what life was like in cultures that were more connected to nature and community, we would have to look back in time, in some cases hundreds of years – before the enclosures in England, for example, or before the colonial era in the South. Though such information is not widely publicized, there are nonetheless numerous accounts that show what life in largely self-reliant communities was like. As I mentioned earlier, the isolated region of Ladakh, or “Little Tibet”, is one place that can provide some clues. I was fortunate to be able to experience this traditional culture while it was still largely unaffected by the global economy.

Protected by high mountain passes, Ladakh had been spared the impacts of colonialism and, until recently, development. When I arrived in 1975, Ladakh's community-based culture and economy still provided people with a sense of self-esteem and control over their own lives. Despite a harsh and barren high-altitude environment and extreme winter temperatures, the Ladakhis were prospering both materially and, even more importantly, emotionally. Over time, I came to realize that they

were among 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.

But since then, in less than a generation, this culture has been dramatically changed by the global economy. Development has effectively dismantled the local economy; it has shifted decision-making power away from women in the household and village to male-dominated bureaucracies in distant urban centers; it has changed the education of children away from a focus on local resources and needs towards preparation for an urban economy; it has implicitly informed the Ladakhis that urban life is glamorous, exciting and easy, and that the life of a farmer is backward and dull. Because of these changes, there has been a loss of self-esteem, an increase in pettiness and small-minded gossip, and unprecedented levels of divisiveness and friction. The intense competition for jobs and political power in the modern economy even led to violent conflict between Buddhists and Muslims, groups that had lived peacefully side by side in Ladakh for 500 years.

If we look closer we can see that the same process has unfolded in cultures and communities around the world. For instance, in my native Sweden – and in almost every other industrialized nation – the process of modernization dismantled smaller-scale, diversified food production in favor of large-scale agriculture, and weakened community life in favor of rapid urbanization. As people found themselves alone in high-rise apartments – dependent on high technology and distant bureaucracies rather than on each other – there was a weakening of feminine values and the ties between family, community, and the land. By the 1980s more than half of the dwellings in Stockholm were inhabited by one person living alone; at the same time, rates of depression, alcoholism and suicide were on the increase.

Even in a country like Spain, where the globalized development process has been underway for decades, change has been evident from one year to the next: farmers' markets replaced by supermarkets stocked with imported foods; walkable, rural towns abandoned for the big city; plastic packaging choking the countryside; people too stressed out and busy working to stop for the traditional siesta or for a drink with friends.

It can be difficult for those who live at the far end of these trends – who have grown up in a modern, urbanized, English-speaking society – to comprehend what is being lost. It can seem only natural for progress to bring about “one world”, where everyone looks familiar, speaks English, and shares our worldview and cultural habits. But because the diversity of languages and cultures is inextricably linked to the diversity of the natural world, erasing either

form of diversity is equally disastrous.

The vitally important need to adapt to diversity is a truth that has been buried and hidden during 500 years of conquest, colonialism and economic development. Around the world, monocultural ideas and practices have been imposed at every level. Even in the search for sustainability there has been a tendency to assume that “one size fits all” – that people everywhere should live in “smart cities”, drive hybrid cars and embrace vegetarianism. But there is, of course, no one single formula for life: the need for diversity extends down to every blade of grass, to every earthworm and songbird, and to the identities of unique individuals within a myriad of different cultures. Erasing diversity is simply incompatible with life. For that reason, globalization – which systematically replaces diversity with monoculture – is also incompatible with life.

The repercussions are already being felt from Europe to the Americas, from Africa to Asia, in North and South alike. As the globalizing monoculture drives people from the land into ever larger cities, it creates unnecessary competition and stress, and disconnects us from each other and nature. This disconnection manifests itself in social unrest, environmental breakdown and a decrease in psychological well-being.

Localization isn't about returning to the past. But it does mean acknowledging what older cultures did well: they relied on local resources and local knowledge to meet people's material needs, and as a result did so with a minimum of environmental impact; and they put a high value on community ties, which enabled them to meet people's psychological need for connection and security. These are lessons we need to keep in mind as we search for solutions to our current crises.

PART III

GETTING FROM HERE TO THERE

Big Picture Activism

People Power

Policy Shifts

Grassroots Initiatives

Going local on a global scale would require a number of key steps. Changes at the policy level are needed to ensure that society determines the rules for business, rather than the other way around. A first priority is to insist that our governments get back to the same tables where they signed our rights away to global corporations. New treaties are needed that will take back that power – in part by requiring businesses to be place-based or localized, thereby making them more accountable to those they affect. Rather than continuing to promote the large and global, government policies would strive to support local and regional business instead.

PEOPLE POWER

It may seem impossible to shift public policy away from globalization and towards the local, since policy makers the world over continually acquiesce to the demands of big corporations and banks. But a movement for economic change is growing. Rather than pinning its hopes on telegenic representatives of the left or right that offer exactly the same recipe for “progress” (equal parts economic growth, trade-promotion, high technology and corporate sponsorship), this movement seeks fundamental structural change.

Absolutely central to the system of corporate rule are the trade treaties. And 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 and the TTIP, they are meeting with heavy resistance – not just from concerned citizens, but even from many elected representatives. Because of the public awareness generated through years of citizen campaigns, these 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 be subject to greater public scrutiny.

Another well-known expression of resistance has been the Occupy movement. Beginning with demonstrations on Wall Street in September 2011, the movement spread quickly across the world. Thousands of demonstrations took place, hundreds of camps were set up, and a spirit of community arose from a shared struggle that bridged social divides in unprecedented ways. The 99% captured the world's attention and put the concerns of ordinary people on the political agenda. Although the camps have been cleared, the essential spirit of the movement still lives on.

People's movements are coming together to transcend dichotomies of left and right and to go beyond politics as usual. This thinking is flourishing in the “new economy coalitions” that are forming in the US and Europe. At state and local levels, these groups have succeeded in passing ordinances that support local food, community rights and other essential components of localization. Likewise, the Five Star Movement (M5S), a populist, anti-corruption party in Italy, is working to bridge traditional party divides. With a platform of public water, sustainable transport, degrowth and environmentalism, M5S captured a substantial proportion of votes in the

2013 general election.

These examples show that even a relatively small group of well-organized and informed people can have a huge impact. Getting governments to shift course is not impossible, or even unlikely, once enough people understand that – in addition to its dramatic environmental impacts – globalized growth is threatening their livelihoods and pension funds, and even impoverishing their governments. (see “Big Picture Activism”, below)

BIG PICTURE ACTIVISM

Despite the countless grassroots projects already under way, the global economic juggernaut can seem too powerful to stop. But because more and more of us are becoming aware of how disastrous the global economy is for people and the planet, I believe that the chances for meaningful change are greater today than ever before.

The environmental costs of the current system have been obvious for quite some time; now the social consequences, too, are becoming more apparent. The gap between rich and poor is escalating to obscene proportions; most people are seeing their real incomes decline, and must work longer hours just to cover basic needs. Governments – many of them too poor to meet their obligations – now respond to the wishes of international lenders rather than their own citizens. People are beginning to understand that something is fundamentally wrong, and that minor tinkering with the current system is not the answer. A critical mass is ready for fundamental change: what's needed is a clear explanation of the root cause of the crises we face, and solutions that are meaningful.

Helping to create that critical mass is the goal of what I call “big picture

activism”. Raising awareness involves more than just theoretical analysis: every day we can point to inspiring new examples of localization 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.

Big picture activism also involves a widespread and holistic re-thinking of basic assumptions. Today's consumer culture is based on myths and misinformation that paralyze 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. We need to point out that it is not individual greed that created this economic system. None of us voted to put in place an economy that uses subsidies, regulations and our taxes to work against both personal and planetary well-being.

Until recently, the broad perspective needed to deconstruct the global economic system has been marginalized, with the field left to narrowly focused market fundamentalists. As a result, it appeared that the only viable option was to head towards ever larger and more inhuman economic scale, with wealth and power concentrated in ever fewer hands. Big picture activism informs us that another way is possible.

For big picture activism to succeed, a number of mental blocks need to be overcome. Many people want to move straight to action when they recognize a problem; they say: “we already know that the economy's the problem and that corporations have too much power – we don't need to keep discussing that.” But while most of us have a sense that economic forces are behind environmental and social justice

problems, few understand how the economy undermines individual and cultural self-esteem; how it exacerbates ethnic, racial and religious conflict; and how it damages our physical and psychological health. Nor is the majority aware that trade treaties have given corporations and banks so much power that they have become a de facto global government – ruling behind the scenes regardless of whether a “left” or “right” party has been elected. A broad, global-to-local perspective can make even those who already oppose corporate rule more effective.

I also hear people saying, “the system is going to collapse of its own accord, there's no need to waste time trying to change it.” But despite its deep flaws and contradictions, the economic system may outlive much of the natural and social world. Many years ago, the Swiss economist H.C. Binswanger convinced me that deregulated capital – money de-linked from any standard or limit – could keep multiplying endlessly, even as ecosystems and societies crash. In other words, the economy could keep growing until the last tree falls. A depressing scenario, and one that we must do everything we can to prevent.

Unfortunately, many have completely given up on the idea of fundamentally changing the system. Even committed activists sometimes say: “there's no point in trying – governments won't listen no matter how many of us march in the streets.” It is true that millions of people marched against the Iraq war, and yet policymakers took us into that senseless and destructive conflict. It is true that millions are opposed to gas fracking and nuclear energy, and yet governments continue to promote those technologies. However, the potential for people to really be heard will grow exponentially when they move beyond a fragmented perspective to focus on the common thread that runs through all their concerns. Since the current

system is so destructive of both people and the planet, a “new economy” movement – one that is clear about what we are for, not just what we are against – has far greater potential to succeed than almost any single-issue campaign.

There is another stumbling block, one which is particularly common among people whose emphasis is inner transformation. This “New Age” movement has done tremendous good in encouraging millions of people to listen to their hearts and to the wisdom of ancient indigenous cultures. This deeper consciousness creates a yearning to turn away from the competition and consumerism of the global economy and build more loving relationships with others and the Earth. Until recently, however, there was a tendency in the New Age to focus almost exclusively on the “inner” dimension, on “thinking positively” and personal change. And among those who focused on this inner world, many tended to look down on activists who seemed fixated on the “outer” world.

In the activist community, meanwhile, many have ignored their personal, inner needs, while emphasizing “outer”, practical and political change. Even though their work is usually born of altruism, ignoring the inner dimension has often hampered their efforts. Neglecting peace of mind and inner reflection and focusing on the negative can lead to self-righteousness and helpless anger. Burnout, conflict, and alienation have often been the consequences. Big picture activism makes clear that our problems have both an inner and an outer dimension, and that solving them requires working on both levels.

Big picture activism does not point a finger at individual politicians, corporations or bankers. As I argued at the outset, our destructive economic system continues to expand primarily because of ignorance. The economic pundits that promote this 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.

The system has been running on blindness for a long time, enabling tremendous destruction to be perpetrated with the best of intentions. The way forward lies not in anger and confrontation, but in actively seeking to encourage peaceful, broad-based, systemic change.

Awareness can spread like fire, and it's empowering to realize 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 is a large number of engaged and concerned people who are working to make the world a better place. They may be focused 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.

In recent years, many individuals and organizations involved in these separate campaigns have begun to embrace a holistic approach that moves beyond single issues. As a result, 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 and economies of happiness.

POLICY SHIFTS



Trade treaties

Instead of continuing to deregulate global trade, nations could work together on agreements that prioritize healthy local and national economies. The purpose of trade would no longer be to increase corporate profits and GDP, but to provide markets for surplus production and to obtain goods that cannot be produced domestically.

There are already international networks of organizations and individuals opposing the further deregulation of trade. In Europe, more than 80 of these groups came together to draft an Alternative Trade Mandate, with 193 candidates for parliament pledging to support the Mandate's aims. These include proposals to “allow countries, regions and communities to regulate the production, distribution and consumption of goods and services; ... to prioritize local and regional food systems over global agricultural trade; ... [and] to hold corporations accountable for the social and environmental impacts of their operations.”⁵³



Financial policies

The banking and financial system needs to be re-regulated to limit the creation of phantom wealth and to curtail the unregulated flow of capital.

At the same time, the local investment sector needs to be freed of outdated laws that make it almost impossible for people to invest in their communities through retirement funds and securities exchanges.

Shifts in lending practices are also needed. Currently, small businesses are discriminated against, with corporate banks charging them significantly higher interest rates

for loans than they charge big firms. They also often require that small business owners personally guarantee their loans – a guarantee not sought from the directors of large businesses. If more support were given to community banks and credit unions, a greater number and variety of local businesses would thrive. In the United States, for example, small, localized financial institutions hold only about 11 percent of the banking assets, but they account for more than one-third of small business lending nationwide.⁵⁴



Indicators of economic health

Decision-makers often point to rising levels of GDP as proof that their policies are working. What they fail to acknowledge is that GDP is woefully misleading as a measure of a country's wealth. GDP is simply a gross measure of market activity, of money changing hands. It does not distinguish between the desirable and the undesirable, between costs and gain. Increased expenditures on cancer, crime, car accidents or oil spills all lead to rising GDP, but any reasonable assessment would count these as symptoms of societal ill-health, rather than well-being.

Rising GDP may create a handful of billionaires, but in most countries the standard of living of the vast majority – including the middle class – is steadily declining. Today, in fact, even governments are getting poorer as their national GDP rises.

What's more, GDP considers only those activities that involve monetary transactions, thereby leaving out the functions of family, community, and the environment. Thus, paying to send one's children to a day-care center adds to GDP, while care at home by members of the family does not. A forest cut down and turned into pulp adds to GDP, but a standing forest – crucial to the

health of the biosphere – does not.

In the South, policies that focus on elevating GDP systematically lead to the breakdown of self-reliant economies that provide people's needs with little use of cash. Through the process of “development”, healthy self-reliance is thus replaced by real poverty within the global economy.

A variety of alternatives to GDP are being developed and applied. Perhaps the best known of these is the Genuine Progress Indicator (GPI). It extends what is measured to combine “critical economic, environmental and social factors into a single framework in order to give a more accurate picture of the progress – and the setbacks – we have made.”⁵⁵ The GPI has already been calculated for Austria, Canada, Chile, France, Finland, Italy, the Netherlands, Scotland, and the UK. In the US, many groups are now advocating its use at state-wide levels. This has met with success in Vermont, which recently mandated that the state's GPI be calculated each year.

Many people have also been inspired by the example of Bhutan, whose then-King articulated the concept of Gross National Happiness (GNH) as an alternative to GDP in 1972. In 2004, Bhutan helped launch an international movement to explore and promote the Gross National Happiness model. (Unfortunately, Bhutan's current government has begun distancing itself from the GNH concept.)



Taxation

In almost every country, tax regulations systematically discriminate against small- and medium-scale businesses. Smaller-scale, sustainable production is usually more labor intensive, and heavy taxes are levied on labor through income taxes, social welfare taxes, payroll taxes, etc. Meanwhile, tax breaks (accelerated depreciation, investment allowances and tax credits,

etc.) are afforded the capital- and energy-intensive technologies used by large corporate producers. Reversing this bias in the tax system would not only help local economies, but would create more jobs by favoring people instead of machines.

Similarly, taxes on the energy used in production would encourage businesses that are less dependent on high levels of technological input – which again means smaller, more labor-intensive enterprises. And if fossil fuels were taxed so that their price reflected their real costs – including some measure of the environmental damage caused by both production and consumption – there would be a reduction in transport, an increase in regional production for local consumption, and a healthy diversification of the economy.



Decentralized renewable energy

Currently, renewable energy technologies receive less than a fifth of the amount of subsidies given fossil fuels.⁵⁶ Reversing this imbalance would result in less pollution, more jobs, and long-term cost savings. For example, one study found that if New York State switched to renewables, it would result in a decline of around 4,000 pollution-related deaths annually. The state would save about \$33 billion while creating permanent jobs in manufacturing, installation and maintenance.⁵⁷

For all forms of energy, including renewables, it's preferable that power plants be decentralized. By putting energy sources close to their end use, there is less need for transmission networks that reduce efficiency, use more resources, and gobble up more land. Decentralized power sources also help to keep money from “leaking” out of local economies and thereby ensure greater decentralization of

political power as well.

In the South, where a large proportion of the population is still rural, large-scale energy plants – from coal and nuclear to huge hydro-electric dams – are geared towards the needs of urban areas and export-oriented production, thus promoting both urbanization and globalization. Supporting decentralized renewable energy infrastructures instead would strengthen villages, smaller towns and rural economies in general, thereby helping to halt unhealthy urbanization.

While no policy is perfect, local and national governments around the world are adopting new laws that are helping to spur the expansion of decentralized renewable energy, including tax incentives, subsidies, financing supports such as feed-in tariffs, and Renewable Portfolio Standards. Germany's Renewable Energy Act and feed-in tariff program is perhaps the most successful policy supporting decentralized renewable energy. Ontario, Canada's original Green Energy Act of 2009 contained a feed-in tariff with a bold “buy local” provision that provided incentives to renewable energy projects that used local labor and manufacturing inputs. (Unfortunately, Ontario's local content requirement was abandoned in 2013 after a ruling that it violated WTO regulations). In the US, state-level Renewable Portfolio Standards (RPS) – policies that mandate specific renewable energy targets – have sparked a rapid expansion of solar and wind power. This approach could be improved by requiring jurisdiction to source a certain percentage of their electricity from decentralized and locally-controlled renewable energy sources. In fact, several states in the US have already adopted policies that promote neighborhood-scale community-owned solar energy projects, such as Colorado's Solar Gardens Act, and Minnesota's Solar Energy Jobs Act.



Food and agriculture

Since food is something that every person on the planet needs every day, even small shifts in the way it is produced, transported and marketed can have dramatic effects. As noted in “Subsidizing inefficiency” in Part 1, farm subsidies in most countries heavily favor large-scale industrial agribusinesses. Among the WTO member countries, a full two-thirds of subsidies go to the largest, wealthiest farms. Funding for agricultural research is also heavily skewed in favor of biotechnology and chemical- and energy-intensive monoculture.

According to one estimate, \$49 billion is spent on food and farming research around the world each year, with less than 1 percent devoted to “knowledge, techniques and tools that are highly specific to, and in compliance with, organic standards.” Shifting these expenditures towards those that encourage smaller-scale, diversified agriculture would help revitalize rural economies in both North and South, while promoting biodiversity, healthier soils, food security, balanced and diverse diets, and fresher food.

In the countries of the South, colonialism, development and globalization have meant that the best land is devoted to crops for Northern markets. Shifting the emphasis to diversified, low-input production for local consumption would not only improve economic stability, it would also reduce the gap between rich and poor, while eliminating much of the hunger that is now so endemic in the “developing” parts of the world.

After decades of policy bias towards global food, local food is now meeting with some regulatory support. In 2013, the government of Ontario, Canada passed a Local Food Act aimed at increasing access to local food, improving local food literacy, and providing tax credits for farmers

who donate a portion of their produce to nearby food banks.⁵⁸



Health and safety regulations

An unfair burden often falls on small-scale enterprises through regulations aimed at problems caused by large-scale production. Battery-style chicken farms, for example, clearly need significant environmental and health regulations: their millions of genetically identical, closely confined animals are highly prone to disease, their tons of concentrated effluent need to be safely disposed of, and the long-distance transport of processed poultry entails the risk of spoilage. Yet a small producer – such as a farmer with a dozen free-range chickens – is subject to essentially the same regulations, often raising costs to levels that make it impossible to remain in business. Large-scale producers can spread the cost of compliance over a far greater volume, making it appear that they enjoy “economies of scale” over smaller producers. Such discriminatory regulations are widespread: they are decimating farm-based cheese producers in Europe, local apple cider producers in the US, and small-scale food businesses in many other countries.

In what has been called a “cottage food” bill, the state of Illinois is considering relaxing the restrictions on small-scale producers of jams, pickles and other preserved foods. Seventeen similar bills have been introduced across the US.⁵⁹ Several towns in the state of Maine have gone even further: seeking to bypass the restrictive regulations that make it difficult to market and access local foods, they have declared “food sovereignty” by passing ordinances that give their citizens the right “to produce, process, sell, purchase, and consume local foods of their choosing.”⁶⁰



Land use regulations

Local and regional land use rules could be amended to protect wild areas, open space and farmland from development. Political and financial support could be given to the various forms of land trusts that have been designed for this purpose. In some cases, local governments have used public money to buy the development rights to farmland, thereby simultaneously protecting the land from suburban sprawl while reducing the financial pressure on farmers.

In urban areas, zoning regulations usually segregate residential, business and manufacturing areas – a restriction necessitated by the needs and hazards of large-scale production and marketing. These could be changed to enable an integration of homes, small shops and small-scale production. A rethinking of restrictions on community-based ways of living would also be beneficial: zoning and other regulations aimed at limiting high-density developments often end up prohibiting environmentally sound living arrangements like co-housing and eco-villages.



Markets and public spaces

High-speed motorways built with government funds indirectly subsidize corporate super-stores, hyper-markets, and shopping malls. Spending some of that money instead to build or improve spaces for public markets – such as those that were once found in virtually every European town and village – would enable local merchants and artisans with limited capital to sell their wares. This would enliven town centers while reducing car use, fossil fuel burning and pollution.

Creating and improving spaces for public meetings – from town halls to village squares – would encourage face-to-face exchanges between decision

makers and the public, serving both to enliven communities and to strengthen participatory democracy.



Global media

Television, the internet and other mass media have been the recipients of massive subsidies in the form of research and development, infrastructure build-out, educational training, and other direct and indirect support. In recent years, many national broadcasting companies have been taken over by global media empires. In the US, for instance, the Telecommunications Act of 1996 removed anti-monopoly provisions and deregulated the media sector, allowing large companies to acquire multiple media outlets, including television, radio and internet sites. Such laws need to be rewritten to encourage a diversity of expression and ownership. Furthermore, communities and nations should have the right to restrict the bombardment of their children by monocultural, violent or commercial messages and images.

Supporting facilities for regional entertainment – from community radio stations to live music and theater – would offer a healthy alternative to globalized media.

The more people can engage in co-creating entertainment, such as dancing, singing and festivals, the more community bonds are strengthened. Children growing up with participatory entertainment, rather than being passively glued to a television screen or wireless device, also have a greater sense of belonging to both place and their local culture.



Education

Schooling is being increasingly geared towards the needs of corporations, which are presumed to be the future employers of today's

children. In North and South, curricula are ever more standardized and technology-focused. In much of the developing world, formal education continues to be based on the Colonial model: rote-learning in the language of the colonial power; cultural and historical information coming from abroad; and training in skills relevant to the export economy rather than the local or regional economy. In most countries, this form of education filters out information about widespread social and economic problems in the North, leaving idealized myths about “development” and the urbanized consumer culture intact.

Societies in both North and South would benefit enormously from a shift away from corporate-tailored curricula towards diverse forms of place-based learning. Rather than encouraging specialization for a competitive, “jobless growth” economy, education would be tailored to diverse environments, cultures and localized economies. Providing training in regional agriculture, architecture and appropriate technology would further a real decentralization of production for basic needs. This does not imply that the flow of information from other cultures would be curtailed; in fact, cultural exchange would be an important part of the curriculum.



Healthcare

At present, investments in healthcare favor huge, centralized hospitals serving urban populations. The pressure to cut costs means that doctors and nurses have to serve more and more patients, inevitably eroding the quality of care given to each patient. Spending the same money instead on a greater number of smaller local clinics – relying less on high technology and more on health practitioners, health education and preventive medicine – would bring

healthcare to more people while boosting local economies. Integrating less-invasive, natural healing methods into the healthcare system would also be beneficial.

In the South, local economies and communities would greatly benefit if support for healthcare were shifted towards localized and indigenous alternatives that are affordable to the majority of the population. Modern medicine may be an important and, indeed, life-saving addition to healthcare in developing countries. However, the healing traditions that currently provide most of the preventative care need support in order to survive.

GRASSROOTS INITIATIVES

In addition to these changes in top-down policies, a global-to-local shift requires diverse, local, bottom-up initiatives of the kind that are already emerging. Unlike actions to halt the global economic juggernaut, these small-scale steps require a slow pace and an intimate understanding of local contexts, and are best designed and implemented by local people themselves. If supported by the policy changes discussed above, such initiatives will, over time, inevitably foster a return to cultural and biological diversity and long-term sustainability.

The range of possibilities for local grassroots efforts is as diverse as the locales in which they take place. The following survey is by no means exhaustive, but illustrates the sorts of steps being taken today.



Local finance

Community banks and **credit unions** allow people to invest in their neighbors and their community, rather than in distant corporations. They also enable small businesses to obtain inexpensive start-up loans of the kind that banks typically offer only to large corporations. With the Occupy movement bringing renewed attention to the unfair – even illegal – practices of big banks, a campaign was launched in the US encouraging people to move their money to smaller, community institutions. Less than two years later more than 4 million accounts had been switched away from the nation's Wall Street banks.

Hopeful trends are appearing in other parts of the world, as well. In Fortaleza, Brazil, for example, residents of the impoverished Palmeira neighborhood founded their own community bank – one that is governed and managed by local residents for local needs. The bank has been a resounding success in promoting the local economy: before the bank was launched, only 20 percent of residents' needs were purchased in the Palmeira district; 15 years later, 93 percent came from within the community.⁶¹

Local investing is another trend that is poised to take off. In the US, Slow Money chapters have already moved \$21 million into small farms and food businesses.⁶² Other initiatives are being explored, like local stock exchanges, micro- and cooperative investment funds, and locally invested pension funds.

Another way of guaranteeing that money stays within the local economy is through the creation of **local currencies** that are only recognized by community members and local participating businesses. Similarly, Timebanks and Local

Exchange Trading Systems (LETS) are, in effect, large-scale **local barter systems**. People list the services or goods they have to offer and the amount they expect in return. Their account is credited for goods or services they provide to other members, and they can use those credits to purchase goods or services from anyone else in the local system. Thus, even people with little or no “real” money can participate in, and benefit from, the circulation of credit within the local economy. (These initiatives are best added onto local food projects – on their own they are difficult to maintain.)



Local business

“Buy local” campaigns help local businesses survive, even when pitted against heavily subsidized corporate competitors. These campaigns not only help keep money from leaking out of the local economy, they also help educate people about the hidden costs – to the environment and to the community – of artificially cheaper, distantly produced goods. Grassroots organizations have also emerged to oppose huge corporate marketing chains, especially in rural and small-town economies. For example, the McDonald's corporation – which aspires to open a new restaurant nearly every day in China to add to their existing empire of 35,000 in 100 countries – has met with grassroots resistance in at least two dozen countries.⁶³ In the United States, Canada and the UK, the rapid expansion of Wal-Mart, the world's largest retailer, has spawned a whole network of citizens groups working to protect jobs and the fabric of their communities from these predatory “big box” stores. In India, where Wal-Mart owns and operates a chain of Best Price Modern Wholesale Stores,

a network of street vendors and small businesses is hoping to reverse the central government's support for these superstores.⁶⁴

Local business alliances enable small and medium businesses to network, support each other and build vitality in local economies. In North America, BALLE (Business Alliance for Local Living Economies) encompasses more than 80 networks, representing around 30,000 independent businesses. They host conferences, provide guidance for starting and running a successful small business, and share inspiration.

Local business loyalty card networks are also emerging. These are similar to the loyalty cards frequently offered by big box stores, but can only be redeemed for discounts on local purchases. In Portland, Oregon, the Support land network includes over 100 local businesses and is expanding their model to other towns and states.



Local energy

Many towns around the world have invested in *community-owned decentralized energy* installations. For example, Fort Collins, Colorado is planning a 600kW "solar garden" and Dharnai Village in India is getting a solar energy "micro-grid" which will power 350 households. These small-scale projects have benefits that go beyond their use of a non-polluting renewable energy source: because the power is produced right where it is needed, there is no need to expand transmission infrastructures; residents have greater control over their energy costs and are not beholden to distant energy companies; and local investors can receive financial returns in times of surplus production.

In many parts of the world, citizens are working to mobilize their local governments to reclaim ownership and control over their power systems from non-local investor-owned utilities (IOUs), either through

outright 're-municipalization' or by adopting Community Choice policies that allow cities and counties to create new local electricity providers alongside IOUs. In 2013, residents of Hamburg, Germany voted to reclaim their electricity grid from the Swedish energy giant, Vattenfall, enabling the city to undertake a more ambitious transition towards local renewable energy. Similarly, in 2011 and 2013, residents of Boulder, Colorado in the US voted to take back their energy system from Xcel Energy, replacing it with a city-run electric utility. Local power initiatives like these are starting to reverse the privatization trend that began in the 1980s.



Local food and farming

In the last decade or so, the local food movement has emerged as one of the most successful grassroots efforts worldwide. *Community supported agriculture* (CSA) programs, in which consumers link up directly with a nearby farmer, have allowed small-scale diversified farms to thrive in growing numbers. Consumers usually have a direct connection with the farm where their food is grown, and in many cases their help on the farm is welcomed. CSAs provide small farmers with a steady and reliable market, while offering consumers produce that is fresher and healthier than what they can buy at the supermarket. In the US the number of CSAs has surged from just two in 1986, to over 6,200 in 2014.

By connecting farmers directly with consumers, *farmers' markets* similarly benefit local economies and the environment. The number of farmers' markets in the US has grown from 1,755 in 1994 to over 8,268 in 2014,⁶⁵ and in the UK, from zero in 1996 to an estimated 750 in 2012.⁶⁶

A related trend is the growing demand for *local organic food*, which

has increased exponentially: the area of land under organic cultivation in Europe, for example, has doubled since 2001.⁶⁷ Despite the fact that some large-scale producers and export-oriented marketers have tapped into this burgeoning segment of the food market, organic methods are most conducive to small-scale, diversified production for local consumption. *Permaculture* integrates organic methods with ecosystem principles for food production, which forms the core of a conceptual framework for a sustainable society.

Farmland trusts protect arable land from development, thereby enabling small farmers to afford to stay on the land and keeping farmland affordable for the next generation. In the US, where more than 23 million acres of agricultural land were lost to development between 1982 and 2007,⁶⁸ state and national farmland trusts are working to protect what remains and to encourage sustainable management of existing farm and ranch lands.

Over the last fifty years, the trend in both North and South has been for young people to move away from farming, accelerating the process of urbanization and the demise of rural communities. Today, many *young farmers* are reversing that trend. In the US, the recently formed National Young Farmers Coalition has attracted over 600 members. La Via Campesina – a worldwide coalition that connects 200 million members in 73 countries – has an active youth chapter. At their inaugural meeting in 2011, they declared: “As youth all over the world have been systematically displaced from the countryside, our food system has lost its integrity and legitimacy, polluting the land, poisoning our people and robbing us of our rural cultures. We, the young peasants and farmers of La Via Campesina, who are building ecological alternatives on our farms and in our countryside, are living in resistance to this system.”⁶⁹



Community media

Community media outlets give ordinary citizens a voice and keep people informed about what is happening locally. They can be powerful tools for bringing people together to address local problems, strengthening community bonds and maintaining local culture.

Community radio stations exist in many towns both in North and South – from Haryana, India and Istanbul, Turkey to Powell River, British Columbia, and from Berkeley, California to Byron Bay, Australia. These stations do not broadcast corporate advertisements, but instead rely on financial support from the community. They are also often active locally, sponsoring events and providing free coverage of local initiatives.

For the most part, television has been taken over by large corporate interests, but in a few places *independent channels* still exist. In the US, Link TV is supported by viewer donations and specializes in broadcasting hard-hitting documentaries from around the world. Much independent media has now shifted over to the *internet*, including online magazines, newspapers and television channels. Currently under threat from attacks on “net neutrality”, many groups have banded together to fight to maintain free and equal access to the web. In the US, as in many other countries, most people are dependent on a handful of large absentee-owned internet service providers, such as Comcast, Time Warner Cable, AT&T or CenturyLink. However, a *community-owned broadband* movement has recently emerged to increase communities' control over their internet services. As of 2015, over 500 municipalities across the US have built their own broadband networks to increase their access to more affordable, reliable and faster internet services, while keeping dollars circulating in their local economies.



Education

Many *alternative schools* distance themselves from the regimented methods and curricula of mainstream schooling. Two of the most widespread are the Steiner Schools (known as Waldorf Schools in the US) and Montessori Schools. *Home-schooling*, in which children are taught by parents or members of the community, is also gaining in popularity.

With a growing awareness of what has been described as “nature deficit disorder”, an increasing number of schools use wild places or agricultural settings as the locus of education. In *Forest Schools*, for example, young children spend the entire day outdoors, in the process becoming experts in local plant and fungi identification. The forest school concept originated in Wisconsin in 1927, and has since spread to Scandinavia and the UK, where it has become very popular. In Vermont, the ROOTS School (Reclaiming Our Origins through Traditional Skills) is one of a growing number of schools offering young people and adults classes in wilderness self-reliance.

In the global South, more and more people are recognizing the culture-homogenizing impacts of Western-style schooling. In India, Shikshantar – the People's Institute for Rethinking Education and Development – is working to transform education so that it respects local traditions and promotes self-reliance.



Healthcare

In recent years, there has been a tremendous surge of interest in *traditional and complementary medicine*. Herbal remedies, homeopathy, bodywork and relaxation techniques are even garnering interest among conventional medical doctors.

This gentler approach, with an emphasis on prevention, is part of a return to more human-scale systems of healthcare. It is, of course, important to continue providing the emergency and life-saving care that allopathic medicine excels at. However, the emphasis in a localized system of healthcare would be on the whole person, while also attending to the broader living context. As the Director for Sustainable Medicine in Vermont puts it: “real medicine must benefit the whole system – our communities, both human and natural. There is no need to separate the processes of healing ourselves, the environment, and our communities.”



Community-building

Around the industrialized world, people are building communities that seek to avoid the isolation, competitiveness, pollution and crime that are so pervasive in modern societies. Many of these *intentional communities* rely on renewable energy, natural building techniques, and on-site food production, and are seeking to develop more cooperative local economies. Ranging in size from just a few households to many hundreds, *ecovillages* are among the most popular, successful and diverse kinds of intentional communities. Linked up through the Global Ecovillage Network – a virtual and real-world alliance – they number in the many hundreds across the Americas, Africa, Asia and Europe.⁷⁰

Popular in North America and Europe, *Transition Towns* consist of community groups in small towns and larger urban centers that have committed to transitioning away from a globalized, carbon-intensive economy. These groups meet regularly to set up projects in different sectors of the local economy: food, energy, local commerce, the arts, transport, healthcare, and so on. Their network now encompasses thousands of groups.

The *community rights movement* helps communities reclaim local democratic decision-making power. One of the founding organizations of this movement in North America is the Community Environmental Legal Defense Fund (CELDF). To date, CELDF has helped more than 150 locales establish “community rights ordinances”, protecting them from such activities as fracking and the planting of GMO crops.⁷¹



CONCLUSION:
**LOCALIZATION IS THE
ECONOMICS OF HAPPINESS**

Today's fast-paced global economy demands mobility, competitiveness, and individualism, and induces a fear of being vulnerable and dependent, of growing old. Localization, by contrast, answers our deep longing for love and connection – cornerstones of our well-being and contentment. It creates the structural basis for community, which offers the deep psychological benefits - the joy - of living in interdependence with others.

By re-instilling a sense of connection with the place where we live, going local leads to another fundamental shift. The globalization of culture and information has led to a way of life in which the nearby is treated with contempt. We get news from China, the Middle East or Washington, D.C., but remain ignorant about what is going on in our own backyard. With a few keystrokes on a computer we have access to all the wildlife of Africa, and our immediate surroundings can seem dull and uninteresting by comparison. A sense of place means helping ourselves and our children experience the living environment around us: reconnecting with the sources of our food, perhaps even growing some of our own, and learning to appreciate the cycles of seasons and the characteristics of the flora and fauna.

The fear, isolation, and discontent that many people feel today are actually a natural reaction to a system gone awry. From these feelings spring the search for what is real, healthy and essential for life – providing the inspiration to do the work needed to reclaim our contentment, security, and joy. Wherever we are, we can start the journey. We can seek out like-minded individuals with the goal of encouraging deeper connections. We can move away from the fear and self-consciousness that keeps us apart, and create a culture of sharing and caring.

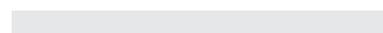
We can nurture a deep, empathetic connection to nature. Quieting the chattering mind – with chanting, singing, yoga or meditation – can help free us of the pressures imposed by the global economy and can deeply rejuvenate and inspire us. In these ways, we can begin to make choices that are good for us as individuals as well as for our community and society as a whole; we can begin transitioning from a top-down economics of competition, scarcity and exploitation to an economics of collaboration, abundance and happiness.

Throughout human history, our cultural traditions, our societies, our personalities, even our bodies have evolved in connection with community and nature. The globalizing economy has severed these connections with false promises: that economic growth is the key to progress, that more stuff and more money will make us happy, that technology will solve all of our problems.

The word is getting out, however, that our global economic system is simply not working. In recent years, there has been a great coming together. We are re-learning what ancient indigenous cultures knew: that the “inner” and the “outer”, and the human and the non-human, are inextricably intertwined. We are beginning to see the world within us – to experience more consciously the great interdependent web of life, of which we ourselves are part.

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ABOUT THE AUTHOR

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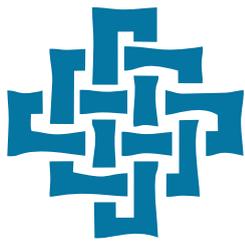
Author and filmmaker Helena Norberg-Hodge is a pioneer of the local economy movement. Through writing and public lectures on three continents, she has been promoting an economics of personal, social and ecological well-being for four decades. She is a widely respected analyst of the impact of the global economy and international development on local communities, local economies, and personal identity, and is a leading proponent of “localization”, or decentralization, as a means of countering those impacts. For this work she was awarded the prestigious Goi Peace prize in 2012. Her book, *Ancient Futures*, together with a film by the same title, has been translated into more than 40 languages, and sold about half a million copies. She is also the producer and co-director of the award-winning film, *The Economics of Happiness*. Helena has written numerous articles, essays, and book chapters, and is the co-author of two groundbreaking books on food and

farming: *Bringing the Food Economy Home* and *From the Ground Up: Rethinking Industrial Agriculture*.

The Earth Journal counted Helena among the world’s “ten most interesting environmentalists”, while in Carl McDaniel’s book *Wisdom for a Liveable Planet*, she was profiled as one of “eight visionaries changing the world”. Since 1975, she has worked with the people of Ladakh, or “Little Tibet”, to find ways of enabling their culture to meet the modern world without sacrificing social and ecological values. For these efforts she was awarded the Right Livelihood Award, or “Alternative Nobel Prize”.

Educated in Sweden, Germany, Austria, England and the United States, Helena specialized in linguistics, including studies at the University of London and at MIT. She has lectured in seven languages at numerous Universities including Oxford, Harvard, Melbourne, Tokyo, Stockholm and Munich, and was Regents’ Lecturer in the Energy and Resources Group (ERG) at the University of California, Berkeley. She has also taught regularly at Schumacher College and appeared in broadcast, print and online media worldwide, including MSNBC, *The London Times*, *The Sydney Morning Herald* and *The Guardian*.

Helena is the founder/director of Local Futures and the International Alliance for Localization (IAL). She is also a founding member of the International Commission on the Future of Food and Agriculture, the International Forum on Globalization and the Global Ecovillage Network.



LOCAL FUTURES

Local Futures / International Society for Ecology and Culture (ISEC) works to renew ecological, social and spiritual well-being by promoting a systemic shift away from economic globalization towards localization. Our flagship Economics of Happiness program provides a range of educational and practical tools for communities, as well as an international forum for a broad array of groundbreaking projects from both the global North and South.

Local Futures has undertaken a range of grassroots initiatives in both the global North and South—from introducing village-based renewable energy technologies in the Himalayan regions of Ladakh, Bhutan and Nepal, to establishing farmers' markets in Europe, the US and Australia. As a think-and-do tank, Local Futures has also produced books, films, conferences, workshops, public lectures, study group curricula and comic books that aim to catalyze efforts to strengthen ecological and social well-being. One of the first NGOs worldwide to promote local food, Local Futures is still one of the only groups doing so from an international perspective. It has produced several books and numerous reports critiquing the industrial food system and promoting

local alternatives, and its multi-media Local Food Toolkit won the Derek Cooper Award for Campaigning Journalism.

Local Futures began as The Ladakh Project in 1978. The organization initially focused on supporting Ladakh's indigenous culture by bringing information to balance the idealized images of the consumer culture flooding into the region through tourism and development. Together with local leaders, Local Futures also established the first NGOs in the region, promoted organic agriculture and developed a range of renewable energy technologies.

Today, Local Futures operates from offices in the US, UK, Mexico and Australia, with "sister" organizations in Germany and Japan.

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