

## BUILDING COMMUNITY: AN ECONOMIC APPROACH<sup>1</sup>

David Brancaccio<sup>©</sup>

In *Fixing the Future*, a one-hour PBS special, David Brancaccio visits communities across America using innovative approaches to create jobs and build prosperity in our new economy. He interviewed YES! Magazine board chair David Korten for a big picture perspective about what it will take to build an economy that works for all.

**David Brancaccio (DB):** So our mission here is to fix the future; just give me a sense of how we can get started on this question.

**David Korten (DK):** Well you know, David, it starts with a very basic question. Do people exist to serve the economy, or should the economy exist to serve people? Now it turns out that we've created a whole society with culture and institutions around the idea that people exist to serve the economy. And millions of people are waking up to the reality that that's a misplaced priority.

**DB:** Our knee-jerk reaction is to go down to Wall Street to ask questions about how we fix the economy. That's the usual way of doing things. In fact I think there are entire cable TV channels devoted to asking those people what the solution is. You're asking us to go not toward Wall Street but where? Just to Main Street, America? When we first started organizing the Business Alliance for Local Living Economies, so many people responded, "Oh, you're talking about rebuilding community."

**DK:** Wall Street is basically dedicated to eliminating jobs or outsourcing jobs in order to increase financial profits of the biggest corporations and to increase the financial assets of the world's already richest people. Now what we need is a money system that actually is doing what you just said, is connecting real resources with real needs, creating real community wealth at the community level. But that requires a financial system that is rooted in the community and accountable to community interest and that operates by life values rather than financial values.

**DB:** So if you're trying to figure out what values an economy or a financial system is displaying, you have a theory about where to look to see where the center of power of the economy is rooted. Tell me about that idea.

**DK:** The current system is organized around financial values over life values. We need to shift that locus of power down to the community level because the financial markets recognize only money and thereby only financial values. If you're living in the community and you own your local businesses and you're engaged in the local economy you have a definite interest in the strength and health of your community, the caring relationships that bind people together. And you have an inherent interest in the health of your environment. So there's a natural connection between how you make your financial decisions, how you operate your enterprise, and the broader public interest—none of which exists when the power resides in Wall Street.

**DB:** That's what they're trying in Bellingham, Washington aren't they?

**DK:** That's exactly what they're trying in Bellingham, Washington. And it's very interesting, this drive to rebuild local economies. When we first started organizing the Business Alliance for

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Local Living Economies, so many people responded, "Oh, you're talking about rebuilding community." You know, I hadn't thought about it that way but bingo, that is exactly what they're doing. It's part of recognizing that your community economy is part of the glue that brings people together. And part of what I love about Bellingham is when you visit there you see the joy of the people as they participate in the economy. And best of all if you go there when they're having one of their street parties, it is just amazing. I think one of the most important skills of a local organizer of a local economy is an ability to put on a terrific street party.

**DB:** But you're making a serious point, right, that this is not the hair shirt approach to running an economy. You're not asking people to desperately sacrifice.

**DK:** That's exactly right. It's truly amazing that the changes we have to make if we're going to have a human future are exactly the same changes we need to make to create the world that most people have dreamed of for millennia—create an economy that brings prosperity to everyone. An economy supports strong families, strong communities, and a healthy natural environment. And that is exactly what is being created in these local economies. It is the key not only to survival but also, quite literally, to our physical and mental health and happiness.

**DB:** But Bellingham alone is not going to change the country or the world. Is Bellingham alone?

**DK:** Bellingham's not alone. Just in the Business Alliance for Local Living Economies, which is only one small piece of this bigger picture, we have 80 communities around the United States and Canada that are engaged in much the same process. And those networks involve 22,000 businesses. But in addition you have Transition Towns. You have the American Independent Business Alliance. You have all these local food movements and so forth that are happening everywhere. Now each of these is growing, expanding—and as they grow and connect we begin to create the power and the dynamic for a global transformation of the economy. It's quite an amazing process to see how that is working and to recognize the potential.

**DB:** Some people regard a big economic trend or force like globalization as a law of physics. It just is. It's not a human construct. It's just, "What are you going to do to stop it?" Do you see what's going on in a place like Bellingham as a force that curbs globalization—as a countervailing force? I think one of the most important skills of a local organizer of a local economy is an ability to put on a terrific street party.

**DK:** That's a fascinating question. As you know I spent most of my adult career working overseas in Africa, Asia, and Latin America on a quest to end global poverty. What we've come to realize is that there are two competing globalizations. One is the globalization of corporate power. The other is a globalization of people power. And they are diametrically opposed to one another. In competition. So this is not about building isolated economies. We still need trade but at the margin, not as the foundation of our economy and certainly not the foundation of our food system.

But imagine a whole planetary system of local living economies that are connected to each other—trading at the margins but most importantly sharing their ideas, sharing their technology freely so that the whole of the economy, the whole of the species and of global society, can evolve with the speed that is necessary if we're going to create a future in which we bring ourselves into balance with our biosphere. Creating a world in which the needs of everyone are met. At the same time do this within a framework of democracy and real citizen sovereignty and local control.

**DB:** Let me show this to you in action. Let's meet somebody here. A couple people here from Bellingham, Washington. We are going to start with a gentleman named Keith Carpenter. He's the CEO of Wood Stone. It's this very high end oven company—if you go to a fancy pizza place, they might use his oven. They cost about \$50,000. And he builds them in Bellingham. So Keith, he brought in some robots and there was some suspicion among his workers: "Are these going to replace my job?" And he showed them that, ultimately, they were able to bring on 40 more people based on this investment in technology. But here's the thing. Keith, when wondering about how he was going to do the manufacturing that he needs, took some bids from Asia that apparently were cost effective. If you just looked at the dollar figure, it would have been cheaper for him. He could have saved some money. He could have made, I assume, a slightly higher profit. But he's part of this Bellingham network, Sustainable Connections. And this is not what he wanted to do. He tells us about how it was important to him to grow the local workforce because he himself lives in the community. So what's clear to me in my conversation with him is that he had many bottom lines. It would have been cheaper for Keith to do the manufacturing he needs in Asia. But it was important to him to grow the local workforce because he himself lives in the community. He had many bottom lines.

**DK:** This is what we call a living return. It's a return to the owner that is not just the financial return, which is necessary to maintain the business. But in addition to an honest and adequate profit it is the return that the owner gets personally from living in a healthy community with a healthy natural environment. And that's a whole shift in perspective that you can only get with what I call living owners of living enterprises that live in relationship to the community with the goal to serve the community. And this is only one example. I mean that's what's so exciting about being part of this local living economies movement—there are thousands and thousands of business people out there now that are exactly like him. They're responding exactly the same way in terms of what gives them real satisfaction in their lives. It's a beautiful thing to see.

**DB:** Just about everybody watching this wants to know, "Okay, that's fine, but will it get me a job?" When we recognize that money is simply credit, we can unleash it as a powerful tool for our communities.

**DK:** Actually the real issue is livelihoods, our means of living. A job is one means of living, but it is a means of living that depends on money as the intermediary. Now one of the things I find fascinating is that there's an amazing move of young people back to the land, back to farming, back to connecting with nature. And part of what they're doing is rediscovering the household as a center of production. The more of their own food that we produce within our community, again, the less we are dependent on the money system that Wall Street controls and the greater control we have over our lives. We need to move beyond thinking about jobs. It's livelihoods, it's entrepreneurship. It's all the ways of creating our means of living together, some of which will involve paid employment.

**DB:** But if I were to ask how does this scale up, your answer is actually it already is.

**DK:** It's already scaling up. There are three essential elements. One is changing the story of our economic possibility, the story of what is the proper purpose of the economy. The second is creating the new reality from the bottom up. Creating it by doing it. Which is what's happening in Bellingham. And the third is then as we change the story, create the new reality, we build the political power to change the rules so that they favor the Main Street economy over the Wall Street economy.

**DB:** What do you make of this model of worker ownership in using a cooperative?

**DK:** You know, I think worker ownership is the wave of the future. Various forms of co-ops, which are about democratizing ownership and rooting in community in ways that can also scale—because you can do larger scale enterprises that require more capital but also still maintain roots in the community. So I think it's a very powerful piece of the cutting edge.

You can also have co-ops of co-ops. So you can organize whole industries around a co-op model—like Organic Valley—all built around enterprises that are locally owned. Either by individual owners or cooperatively owned. I'm particularly fascinated when you talk about scale. In Northern Italy, they have what they call manufacturing networks, where you have hundreds or thousands of smaller enterprises that are rooted in community but that join together to do larger projects that one company could not do on its own. So you could imagine even organizing the construction of a new transportation systems in ways that maintain this principle of local ownership and broad democratic participation.