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THE BUY LOCAL SOLUTION

Boosting the Hometown Economy

by Sandra Yeyati

A message we hear throughout the year, but especially during the holidays, is, “Buy local.” The idea is to purchase from locally owned and operated businesses. Facing competition from big chains like Walmart or internet companies like Amazon, they need our support. But it’s not just a nice thing to do; consumers that buy local help build robust hometown economies with a long list of impressive benefits.

“About three dozen studies have found that two to four times more money stays in the economy for every dollar spent in a locally owned business rather than a nonlocal one,” says economist Michael Shuman, author of *The Small-Mart Revolution, Put Your Money Where Your Life Is* and *The Local Economy Solution*. “What’s more, the community enjoys a multiplier effect, generating two to four times more job opportunities, two to four times more income and two to four times greater tax collections. If your interest is in reducing poverty and raising social equality, locally owned businesses are your ticket to doing so.”

According to Shuman, cities that rely on just one or two large companies to drive their economies are far less self-reliant and less resilient than towns that support a diversified base of smaller, locally owned businesses. “The more you have control over your economy, the less likely you’re going to be hurt if one big company splits for Mexico,” he explains.

Cities that have many thriving local businesses enjoy other benefits, too. “We know from political science studies that they have higher rates of voting participation and vol-

unteering,” Shuman says. “Sociology studies show lower crime and greater degrees of social organization and civil society. Health studies reveal that local business communities replace a lot of unhealthy, imported food with healthier, fresher, less-packaged food that lowers rates of diabetes and obesity. Unique local businesses attract tourists. And because they shorten the lines of distribution and supply, we know they bring down carbon footprint.”

Phoenix business leader Kimber Lanning, who opened a record store in 1987 and an art gallery in 1999, has witnessed firsthand the transformative power of local commerce. “Doing business with people we know heightens our connection to place, and when we care about place, we’re more likely to vote, volunteer and give charitably.”

In 2003, Lanning founded the nonprofit Local First Arizona (LFA) to help local businesses thrive and eventually eliminate city, state and federal subsidies that multinational companies were receiving. “Big chains move in, claiming they’re going to drive so much sales tax revenue that the city should pay them to be there,” she explains. “Cabela’s [the outfitter chain] got a \$68 million subsidy from Glendale to open one retail location. These sweetheart deals extract money out of the community that could have been spent on parks, libraries and fire departments, but instead goes to shareholders living elsewhere.” Responding to political pressure by LFA and others, Arizona passed a law banning these subsidies five years ago—a major victory—leveling the playing field for smaller

businesspeople, according to Lanning.

As the author of 13 destination guidebooks, Florida-based travel journalist Karen T. Bartlett helps people discover the often-hidden flavors and experiences unique to their own region, meeting neighbors and supporting the local economy along the way. “From kayak adventures and foodie tours to community theater productions and galleries featuring local artists, fun and meaningful ways to enjoy the distinctive offerings of home abound,” she says.

“Think local first,” Lanning says. “Spend your money with people you know in your community—from haircuts to oil changes. Use a local pharmacy. Go to the farmers’ market and move your money to community banks and credit unions.”

“For people to get excited about the purchase of a five-dollar hammer and not pay attention to where they have their mortgage is utterly irrational. Rank [in] order your business expenditures, which starts with your home, then probably goes to your car and then health care, and think about ways of localizing those things, rather than every grocery item,” Shuman advises.

“Usually, you find cheaper, better-quality goods and services, or at the very least, comparable options,” he says, adding that even if a purchase is slightly more expensive or a bit less convenient, favoring the neighborhood vendor is always going to benefit the local economy.

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