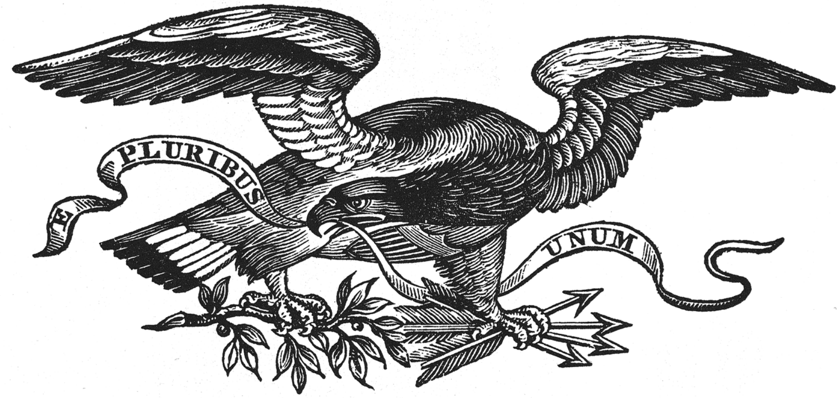
Similar initiatives have been launched in more than four dozen cities and towns across the country, from Bellingham, Washington, to Portland, Maine. Perhaps as many as twenty thousand independent businesses are participating. Recent research demonstrates that these campaigns are having a profound influence on people's shopping choices and are giving independent businesses a newfound voice at city hall.

All of this activity may well herald a sea change in our priorities as a society. There are tantalizing signs that growing awareness of the value of local businesses is beginning to have an effect. Since 2005, some 300 new independent bookstores have opened and, as a group, independent bookstores have stopped losing market share. Ace Hardware, a wholesale cooperative owned by independent hardware stores, reports that it is now breaking even in terms of membership—that is, as many new independent hardware stores are opening as closing each year. Farmers markets and neighborhood grocery stores are on the rebound in many areas. "Buy local" is emerging as a watchword in a growing number of communities.

All of this suggests that the decline of local enterprise is by no means inevitable. Implemented more broadly, the kinds of initiatives I have described could usher in a future that is not dominated by a handful of global corporate giants but instead is characterized by thriving local economies and vibrant self-reliant communities.

Stacy Mitchell is a senior researcher with the New Rules Project (newrules.org) at the Institute for Local Self-Reliance and author of Big-Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Businesses*, which Bill McKibben described as the "ultimate account of the single most important economic trend in our country." The following is adapted and updated from an E.F. Schumacher Lecture given by Mitchell in 2006.*



A Declaration of Independents

Two hundred and thirty-three years ago a group of colonists forced their way onto three ships docked in Boston Harbor and dumped more than 90,000 pounds of tea into the sea. This is familiar history to most of us, but what many do not realize is that the colonists' actions that night were as much a challenge to global corporate power as they were a rebellion against King George III.

The ships were owned by the East India Company, a powerful transnational corporation that had recently suffered losses, in part because the colonists had boycotted its merchandise. In order to rescue the company and restore its profits, the British parliament passed the Tea Act, which exempted the East India Company from paying taxes on the tea it sold in the colonies. The aim was to enable the company to undercut small local competitors, all of whom were subject to the tax, and drive them out of business.

The British government and the East India Company were counting on the lure of cheap tea to overpower any sense of principle, but they misjudged. The colonists continued to support their independent merchants and boycott East India tea. Their actions in the harbor that night and the British retaliation that followed ultimately led to an organized boycott of all British goods. Homegrown and locally made became the fashion of the day. The Declaration of Independence soon followed; the rest, as they say, is history.

Our forefathers and -mothers understood that local self-reliance was essential to democracy and that concentrated economic power was as much a threat to their independence as the

British crown. But over the past two centuries we seem to have lost track of this vital truth. Today our communities are fast becoming colonies once again, subject to a new crop of powerful transnational corporations with names like Wal-Mart and Target, Home Depot and Barnes & Noble.

The pace of corporate retail expansion over the past fifteen years has been staggering. Lowe's and Home Depot came from nowhere to capture half of all hardware and building-supply sales. Barely blips on the radar screen in 1990, Barnes & Noble and Borders now control half of all bookstore sales. The top five grocery chains had one-quarter of the market as recently as 1998; today they account for one of every two dollars we spend on groceries. Every category of merchandise is now dominated by two or three national chains, and Wal-Mart dominates them all. With seven-thousand stores and $378 billion in annual revenue, Wal-Mart captures a stunning one of every ten dollars we spend. It is the country's top retailer of groceries, furniture, clothing, music, toys, jewelry, movies, and countless other products.

As the chains have gained market share, tens of thousands of independent retailers have laid off their employees and closed their doors. It's a die-off unprecedented in American history. Not only have many small business owners lost their livelihoods, but studies indicate that the U.S. has forfeited more retail jobs than the chains have created.

In deciding whether to patronize a locally owned business or a chain store, you are choosing between two very different economic systems.

One is built on personal relationships. Local retailers know their customers and they often know their suppliers. While the chains source products far and wide, paying attention only to price — the consequences of which were made evident during the recent spate of toxic toy recalls when big-box retailers revealed that they know little about where and how their products are made — many local businesses prefer to buy from companies that they know and trust. If we want to live in a world where there are still small farms and small manufacturers who care about their products and their employees, then we must be adamant supporters of independent retailers. Their stores are the lifelines on which these producers depend and, without which, their products would have little opportunity of reaching customers.

When we shop at a locally owned business, a much larger share of the dollars we spend there remains in the community. Local retailers not only source more of their goods from local suppliers; they also buy many other services locally. They hire local accountants, patronize local banks, and advertise on local radio stations and in area newspapers. Studies have found that every dollar you spend at a local store creates anywhere from 54 to 68 cents of additional economic activity in your community, sustaining a wide variety of businesses and jobs.

When chains come in and displace local retailers, they sever these local networks of trade and replace them with a single-track economy in which money flows in only one direction: out. Chains have little need for local banks, accountants, and other service providers. Studies show that upwards of 86 cents of every dollar you spend at a chain leaves the community.

relentless expansion and radical restructuring of the economy as simply a matter of shopping options. Successful campaigns to limit big-box development—and there have been several hundred since 2000—all have one striking commonality: they get people to see themselves not just as consumers but as workers, producers, business owners, citizens, and stewards of their community. When people adopt this vastly expanded sense of their own economic and political identity, they are far more likely to question big-box development, endorse measures that force these companies to adhere to higher standards, and rethink their own spending habits.

Second, people need to join together to transform government policy. We need to eliminate subsidies and tax advantages that support chains and enact policies that create the conditions in which local businesses thrive. Among the most powerful tools we have for shaping the nature of economic activity in our communities are our local planning and zoning policies. Winston Churchill once said, "We shape our buildings; thereafter they shape us." The same could be said of zoning ordinances. For decades, our zoning policies have undermined community, favoring large-scale over small, driving over walking, distance over proximity, and absentee over local ownership. A growing number of communities are now revising these rules. Some are adopting laws that insist on community-scaled businesses by limiting the size of stores. Many are barring development on the outskirts of town and insisting that new investment flow instead to established neighborhood and downtown business districts. Some also require that new retail proposals pass an economic and community impact analysis.

Third, we need to help new local businesses get started. Imagine if those hundreds of millions of dollars that cities and states have been spending each year to subsidize corporate retail growth were instead channeled into the development of entrepreneurship programs aimed at rebuilding our local economies. There are many terrific and effective models out there for revitalizing local business districts and training, financing, and mentoring a new generation of entrepreneurs. It's mainly a matter of political will.

Fourth, we need to build public awareness of the importance of locally owned businesses and the hidden costs of the big-box business model. Spend a little time in Austin, Texas, and it won't take long for you to notice the messages. Bumper stickers advise, "Think Independently. Shop Locally Owned." Banners hanging on storefronts read, "Local Spoken Here." T-shirts urge, "Keep Austin Weird." Circular yellow decals on the entrances of local businesses feature a blue armadillo in sunglasses and the words, "Austin Independent Business Alliance." Indeed, the armadillo is everywhere—in newspaper ads, on the cover of a free guide to locally owned independent businesses, on posters that urge, "Break the Chain Habit." All of these messages are part of an ongoing educational campaign by the Austin Independent Business Alliance, a coalition of some 350 local businesses. Launched four years ago, the campaign uses the media, local events, in-store marketing materials, and advertising to detail the benefits of local businesses and urge residents to support them. According to business owners, the campaign has had a remarkable impact on people's shopping choices. "Locally owned" has become a selling point, something that many residents actively seek out.

cooperatives. Research has also revealed that the chains engage in very sophisticated, and often manipulative, pricing strategies. Studies have found, for example, that many enter new markets sporting deep discounts only to raise prices once local competitors go out of business.

The conventional wisdom is that the growth of big chains over the past fifteen years is the result of consumer choices, but in fact their expansion has been aided in no small part by public policy.

Each year cities and towns across the country provide hundreds of millions of dollars in development subsidies to help finance the construction of new big-box stores and shopping malls. These giveaways take many forms, such as property tax breaks, sales tax rebates, and land write-downs. Target recently received $7 million in public funds to build a store in Fort Worth, Texas; over $9 million in subsidies went to a Missouri shopping center anchored by Lowe's; and in Arizona the Chandler Fashion Center, home to chains like Barnes & Noble and Pottery Barn, received $42 million. Always an industry leader, Wal-Mart has received over $1 billion in subsidies.

No one knows exactly how much taxpayers have spent in the last two decades helping chain retailers expand, but the total is well into the billions. Rarely are subsidies given to independent businesses, which must face powerful competitors financed by their own tax dollars.

Even more potent advantages are lurking in state tax codes. A loophole in more than twenty states enables large chains to escape paying income taxes. That's right: While local grocers and toy shops in states like Wisconsin, Maryland, and Tennessee labor under the full weight of state income taxes, some of their biggest competitors are allowed to skirt much of their liability. According to one estimate, this loophole has saved Wal-Mart $2.3 billion in state tax payments over six years. The failure of states to close this loophole gives chains a financial edge over independent businesses, which, lacking outlets in other states, cannot take advantage of the scheme.

Consider too that, if you opt to buy a book at Amazon.com rather than at a local bookstore, you will be rewarded with a 5 to 9 percent discount because Amazon.com is not required to collect a sales tax (in the 45 states that have one). Why should we give a company that has no local employees, does not occupy a local storefront, and hosts no author readings or other events a competitive advantage over a local store that does all of these things?

It's high time that we eradicate policies that favor chains and instead work to strengthen and rebuild our local economies. Across the country there is a growing grassroots movement afoot to do just that. The Institute for Local Self-Reliance has been providing research and assistance to many of these community efforts. Here are four strategies that we believe are key.

First, we need to stop thinking of ourselves as consumers. The big chains have triumphed in part by getting people to assume the very narrow role of consumer and to view their

Along with small business owners, another long-standing pillar of the American middle class being decimated by large retail corporations are manufacturing workers. Under relentless pressure from the chains to cut costs, countless manufacturers have moved their production to low-wage countries. Since 1990, about 3 million U.S. manufacturing jobs have disappeared. Most of these workers are unlikely to find new jobs that pay as well. In all but two states, new jobs being created now, including those at big-box stores, pay substantially less than the jobs being eliminated.

We are told that the chains represent progress. But what I have described does not look much like progress. It is not an economic system designed to foster broad prosperity. In fact, what the big boxes most closely resemble, as I have already suggested, are the old colonial economies of the European superpowers, which were organized, not to improve the lives of the local inhabitants but to extract and appropriate their wealth.

Trading local businesses for national chains has civic, as well as economic, consequences. This has been powerfully demonstrated by several large-scale studies conducted by sociologists, including Thomas Lyson of Cornell University and Charles Tolbert of Baylor University. Their findings show that, all else being equal, communities with a larger share of their economy in the hands of independent businesses are healthier than those overrun by large corporations. They have less income inequality and lower rates of poverty, crime, and infant mortality. Their civic life is also more robust. Residents are more likely to attend public meetings and to join community and neighborhood organizations. They also vote in higher numbers.

What accounts for this? How is it that locally owned businesses strengthen community life? Or conversely, what is it about having one's local economy colonized by the likes of Wal-Mart and Walgreen's that undermines the social fabric and makes people less likely to become involved?

One answer is that local ownership helps to ensure that what's good for business cannot be uncoupled from what's good for the community. For local owners the place where they do business is not simply a source of profits; it's home. Because of this, their business decisions usually reflect a broader range of concerns than simply maximizing the bottom line.

This is not true of corporate chains. They routinely sacrifice valuable community assets, such as a beautiful view or the quiet of a neighborhood, in pursuit of their own expansion and profitability. The executives in charge make decisions from afar; they do not have to live with the effects of their actions. If they inundate a neighborhood with traffic, or pave an open field, it is not their own property values or quality of life that suffers.

Another reason is that independent retailers provide a setting for casual interaction among neighbors. For those fortunate enough to live in a place with a thriving local business economy, running one's daily errands is not so much a chore as it is a chance to engage with one's neighbors.

No one captured the flavor of the public life of a local business district better than Jane Jacobs. A sense of community, she observed, "grows out of people stopping by at the bar for a beer, getting advice from the grocer and giving advice to the newsstand man, comparing opinions with other customers at the bakery and nodding hello to the two boys drinking pop on the stoop . . . hearing about a job from the hardware man and borrowing a dollar from the druggist . . . ." She continued, "Most of these small interactions are ostensibly utterly trivial, but the sum is not trivial at all."

Chatting with an acquaintance at the hardware store may not seem that important, but it would be difficult to overstate the community value of such interactions. They foster a sense of connection, which in turn inspires people to get involved in local organizations and civic activities. They create what sociologists refer to as "social capital," or webs of mutual exchange and cooperation. Cities and towns that have more social capital are better at solving problems and are far more resilient in times of adversity.

Spaces that support an informal public life and nurture community are no longer common in the United States. They are almost entirely absent from today's suburbs and corporate retail developments. In these environments, which are designed for the needs of cars, not human interaction, it is no wonder that people become increasingly disconnected and disengaged.

The rise of big retail chains has not only undermined community. It has taken an enormous toll on the environment. Over the last two decades, the development big-box stores and shopping centers has consumed hundreds of thousands of acres of wetlands and forests, farms and fields. Here's an astounding statistic: Since 1990 the amount of retail store space per person in the United States has doubled from 19 square feet to 38. By comparison, Great Britain has just 7 square feet. And the land-grabbing binge is even worse than these figures suggest because most of this growth was designed with cars in mind. This means that for every square foot of new store space we have built, another 3 to 4 square feet has been paved for parking.

It is not growth in spending that's propelling this expansion. Over this same period, while retail space doubled, median household incomes, adjusted for inflation, rose less than 10 percent. The culprit is a kind of development arms race, as each chain tries to out-do its rivals by building newer or bigger outlets that can draw shoppers away from other stores. The chains know that by flooding areas with excess retail space they can more easily capsize local businesses and steal market share from older shopping centers.

We do not need or utilize all of this retail, and much of the country is now strewn with the fallout. Over one hundred malls are now dark and more are teetering on the edge of financial collapse. Hundreds of strip malls are vacant. Thousands of big-box stores have been abandoned as well, usually because the company opted to build an even bigger box nearby.

This pattern of land use and the way of organizing our daily lives it imposes are fundamentally unsustainable. Here's another astounding statistic: Between 1990 and 2001 the number of miles driven by the average family for shopping each year increased by more than 40 percent. Driving in general has been expanding rapidly, but driving for shopping has

grown three times as fast as for all other purposes. For the U.S. as a whole, shopping-related driving rose by nearly 100 billion miles in just eleven years. That works out to an *additional* 40 million metric tons of carbon dioxide emissions each year.

The rise of big-box stores largely explains this increase in driving. Each big box built in the 1990s replaced several smaller stores dispersed across multiple neighborhoods and town centers. As a result, for many people, picking up a gallon of paint is no longer a short trip to a neighborhood hardware store, but a longer drive to a big box that serves a larger region.

Not only are *we* moving more miles, so are the goods we buy. Each year chain retailers ship, truck, and fly more goods around the world and across the country. Shipping has been expanding faster than the world's economic output and is one of the fastest growing sources of greenhouse-gas emissions.

Trying to put the brakes on global warming can seem an insurmountable challenge. But the answer to this, and indeed many of our most pressing problems, can be found in our own backyards. No matter what keeps you awake at night—whether it's the melting ice caps, peak oil, the threat of terrorism, the power of corporations, or the demise of civic engagement—a key solution to all these problems lies in rebuilding our local economies. And to get there we can tap into a powerful force for change: our own longing for a richer community experience. Buying vegetables at the farmers market, exchanging reading lists with your local bookseller, running into friends at the neighborhood cafe—all promise not austerity, but pleasure.

Preoccupied with the idea that the chains must represent a more advanced form of retailing, we have overlooked how much we as customers lose when local businesses disappear. Independent retailers often possess a level of expertise and interest in what they sell that is unmatched by their large corporate rivals.

Independent businesses also play a crucial role in maintaining our access to a diverse range of products. This is of particular concern in the context of film, music, and books. Although typically smaller than Borders and Barnes & Noble outlets, the nation's 3,000 independent bookstores collectively stock a vastly broader range of books. They each make their own decisions about which books to feature at the front of the store and promote to customers. Without local booksellers we would face a world where three global corporations—Barnes & Noble, Borders, and Amazon—control which books are published and promoted. "That seems so un-American," said novelist Barbara Kingsolver, just one example of a writer who believes she owes her successful career to a handful of independent booksellers who read and loved her first book and started putting copies into the hands of customers.

Supporting independent businesses does not necessarily entail paying more. A recent nationwide survey of appliance prices by *Consumer Reports* found that the best deals were not at Home Depot, Costco, Target, Best Buy, or even Wal-Mart. The lowest prices were offered by independent appliance dealers. Similar studies of hardware stores and pharmacies have likewise found that independents often match or beat chain store pricing. How can this be? Part of the answer is that many independent retailers have joined buying