

Sustainable Economic Development: Is BALLE the Answer?

by Donna Isaacs

The Business Alliance of Local Living Economies, or BALLE, as it is more commonly known, is on a mission “to catalyze, strengthen, and connect” businesses committed to building local living economies. Inspired into action in 2001 after a presentation by David Korten titled *Living Economies for a Living Planet*, co-founder Judy Wicks proposed a Local Network Initiative which had the qualities extolled by previous leaders like Martin Luther King, Jr. and Mahatma Gandhi before him: an economic system based on the qualities of “oneness, caring, sharing and non-violence” — A Living Economy. The Local Network Initiative was subsequently established as the Business Alliance of Local Living Economies (www.pcdf.org/Living_Economies/Dialogue/judy_wicks.htm).

In just five years, BALLE has grown to approximately 35 business networks with over 11,000 business members. Its co-founder, Judy Wicks, was voted one of America’s 25 Most Fascinating Entrepreneurs in 2004 by *Inc.* “because she’s put in place more progressive business practices per square foot than any other entrepreneur” (www.inc.com). Ms. Wicks is president and founder of White Dog Enterprises, Inc., a popular restaurant in Philadelphia. The White Dog Café is a \$5 million per year enterprise that will serve you a meal with a healthy serving of social responsibility. Guest Speakers, Storytelling, Art, Music and Movies cover topics from Iraq to Green Building, from Water to the Economy, and from Food Choices to Moral Values. Nothing is off the table, no pun intended.

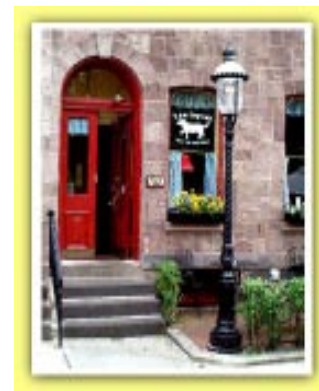
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The White Dog Café opened its doors at 3420 Sansom Street in January 1983 and where it remains to this day. While White Dog Café will not become a franchise it has gone through several expansions from the first floor coffee and muffin shop to the backyard grill and even into an adjacent building when the cold weather made the outdoor area inoperable during the winter season. Ms. Wicks is quoted in a recent *New York Times* article as saying, “The major purpose of business is to serve. We do well by doing good because we’re known to do the right thing and people appreciate that.” The right thing includes paying a living wage to all of her 100+ employees including the dishwasher. It also includes purchasing green energy (wind power) to operate her business and sourcing her food from local organic farmers. This

allows her to provide her patrons fresh healthy dishes while supporting the local economy.

Social initiatives started by Judy Wicks include the Philadelphia Sister Restaurant Project which encourages her customers to visit restaurants and cultural sites in neighborhoods they would not otherwise visit to, “increase understanding, build citywide commu-



White Dog Café, Philadelphia

nity, and support minority businesses and cultural institutions.” This program is taken globally in her, “Table for Six Billion, Please!” where countries visited include Nicaragua, Cuba, Mexico, the Netherlands, Lithuania, Vietnam, and Israel/Palestine (www.whitedog.com).

The principles shared by BALLE and its 11,000 members including The White Dog Café have also found expression in the work of important economic thinkers, such as Jane Jacobs and more recently Michael Shuman, both of whom advocate small businesses as a vital segment of a healthy local economy.

In *The Economy of Cities*, Jane Jacobs describes the

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implications of economic expansion in cities with regard to small business. "Our remote ancestors," she writes, "did not expand their economies much by simply doing more of what they had already been doing... They expanded their economies by adding new kinds of work... Innovating economies expand and develop." Division of labor and increased specialization occurs not by simply increasing the frequency of old tasks, but by subdividing the work into fragments which can be isolated and tweaked to a new end. For instance, a standard sit-down restaurant may spin off several other businesses, such as a local organic farmer, or an entertainer, or a local delivery business. This is the essence of a thriving, innovative economy; however, it is not the way that large corporations function. Imagine a company that manufactures plumbing components opening divisions that manufacture toy cars, or computers, or shoes. While the product or process of the large company may apply to these smaller divisions—may indeed have contributed to their creation—it is impractical to unite so many disparate enterprises with varying expansion rates and missions, and it impedes their individual growth.

Thus, while large companies have great wealth and power at their disposal, they are essentially limited because they are the "results of economic creativity in the past." They cannot take advantage of the wide variety of goods and services available within a community. As a result, Ms. Jacobs observes that it is not the large organizations that are going to provide the new goods and services of the future, but rather, "large numbers and great diversity of economic organizations, some of which, of course, grow large in their heydays."

Michael Shuman, attorney, economist and author of *Going Local: Creating Self-Reliant Communities in a Global Age* and more recently *The Small-Mart Revolution: How Local Businesses Are Beating the Global*



Competition, presented similar findings in his keynote presentation at the University of Florida's Campus and Community Sustainability Conference 2006. The core of BALLE is local living economies, and Shuman defines businesses that fit that mold as locally-owned, self-reliant and exporting, and socially responsible. These traits are the keystones of what he called LOIS, or local ownership and import substitution. LOIS companies build on the strengths of the people and networks in their communities, use resources sustainably, and use local materials rather than imports as much as possible. Shuman articulated these concepts in his presentation and positioned the conversion to local living economies as a movement FOR local business rather than a movement AGAINST big-box large corporations.

Mr. Shuman offers three major reasons to embrace the concept of LOIS. First, LOIS firms

do not move. They remain within the community, meaning that they generate greater wealth. Also, because they are community-based, failed LOIS businesses do not lead to catastrophe. Their employees were from the area rather than implant workers. They have higher standards for employee wages and benefits. "Prosperity follows," he writes in *Going Local: Creating Self-Reliant Communities in a Global Age*,

"when ownership, production, and consumption become intimately connected with place."

The second reason is that LOIS firms have a higher economic multiplier than non-LOIS corporations. He mentioned that of every dollar spent in a locally owned business, 45 cents remains in the community. This is in comparison to only 13 cents if it is spent at a non-locally owned establishment — a franchise or chain.

Third, Shuman suggests, LOIS businesses fit with cutting-edge economic development theories. They contribute to smart growth and downtown revitalization

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To generate exuberant diversity in a city's streets and districts, four conditions are indispensable:

- 1) The district, and indeed as many of its internal parts as possible, must serve more than one primary function; preferably more than two. These must insure the presence of people who go outdoors on different schedules and are in place for different purposes, but who are able to use many facilities in common.
- 2) Most blocks must be short; that is, streets and opportunities to turn corners must be frequent.
- 3) The district must mingle buildings that vary in age and condition, including a good proportion of old ones so that they vary in the economic yield they must produce. This mingling must be fairly close-grained.
- 4) There must be a sufficiently dense concentration of people, for whatever purposes they may be there. This includes dense concentration in the case of people who are there because of residence.

— As presented by Jane Jacobs in *The Death and Life of Great American Cities*.

because they fit perfectly into the re-imagination of cities as mixed-use, dynamic, and creative places. As planners we have heard this previously from Jane Jacobs in *The Death and Life of Great American Cities*, where she outlines the four conditions required to create a vibrant diversified city (see box above). Whereas Shuman focuses on businesses and Jacobs on the built environment, they both stress density and diversity as components of a vibrant (sustainable) community.

There are numerous ways to encourage the cultivation of small, locally-owned businesses. Entrepreneurship training, such as that at White Dog Café,

encourages youth, creates mentorship networks, and helps fledgling companies through incubation. Small businesses can also be mobilized through bazaars and cooperatives. "Think local first" can be the sounding cry of large purchasers, such as universities, who can encourage, rather than require, good (not perfect) behavior. Localization helps as well: not just moving closer to the city and conserving energy, but cutting out middle steps such as eliminating credit cards when it is possible to pay in cash. Mobilize consumers with coupon books, labels denoting local producers, and "Buy Local" celebration weeks. Mobilize investors as well, by creating local stocks and exchanges. Finally, reform public policy to provide equal market incentives in taxes and securities for businesses of all sizes and origins.

Shuman sometimes appears anti-global, but he clarifies that "Going local does not mean walling off the outside world." Neither does it mean eliminating large corporations. Rather, it means putting large and small companies on a level playing field. He argues that tax incentives are biased towards attracting large businesses, so by utilizing a modifier to reflect the economic benefits of small versus large more funds will be kept circulating in the local economy which will spur more growth and investment: a sustainable economy. As Jacobs pointed out, "City diversity itself permits and stimulates more diversity."

If the energy and enthusiasm of the 475 members attending this year's annual BALLE conference in Vermont is any indication of the conviction of those involved in this movement, then the Small-Mart Revolution is coming. ■

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