Time to Replace Globalization with Localization

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It is crucial to make a clear distinction between, for example, a global flow of technology, ideas and information to rebuild sustainable local communities—that is, a supportive “internationalism”—and the process of globalization. In essence, the latter is the systematic reduction of protective barriers to the flow of goods and money by international trade rules shaped by and for big business. It pits country against country, community against community and workers against workers. That is the point of it, because such a structure and process is the route to maximizing profits. Localization can be thought of as the flow of ideas, technologies, information, culture, money and goods with the end goal of protecting and rebuilding local economies worldwide. It is a form of internationalism since its emphasis is not on competition for the cheapest, but on cooperation for the best.

Linguistic clarity is vital since the advocates and beneficiaries of globalization misuse the indisputable benefits that can accrue from such constructive international flows to justify the destructive process of globalization. In tandem with this misleading approach is invariably a promise that some day the growth resulting from globalization will somehow trickle down to benefit the majority.

Corporate Globalization and the Alternative of Localization

Corporate globalization is the ever-increasing integration of national economies into the global economy through trade and investment rules and privatization, aided by technological advances. These reduce barriers to trade and investment and in the process reduce democratic controls by nation states and their communities over their economic affairs. The process is driven by the widespread lobbying of large corporations who use the theory of comparative advantage, the goal of international competitiveness, and the growth model to achieve the maximization of their profits. It is occurring increasingly at the expense of social, environmental and labor improvements and rising inequality for most of the world.¹

¹. See, for example, Mander and Goldsmith 1996.
Or more bluntly, it can be defined as follows:

Globalization: 1. The process by which governments sign away the rights of their citizens in favor of speculative investors and transnational corporations; 2. The erosion of wages, social welfare standards and environmental regulations for the sake of international trade; 3. The world-wide imposition of a consumer monoculture, widely but falsely believed to be irreversible.2

Localization, by contrast, is a process that reverses the trend of globalization by discriminating in favor of the local. Depending on the context, the “local” is predominantly defined as part of the nation state, although it can be the nation state itself or even occasionally a regional grouping of nation states. The policies bringing about localization are those which increase control of the economy by communities and nation states. The result should be an increase in community cohesion, a reduction in poverty and inequality and an improvement in livelihoods, social infrastructure and environmental protection, and hence an increase in the all-important sense of security.

Localization is not about restricting the flow of information, technology, trade and investment, management and legal structures which further localization, indeed these are encouraged by the new localist emphasis in global aid and trade rules. Such transfers also play a crucial role in the successful transition from globalization to localization. It is not a return to overpowering state control, merely governments’ provision of a policy and economic framework that allows people, community groups and businesses to rediversify their own local economies.3

The route to localization consists of seven interrelated and self-reinforcing policy areas. The basic steps are:

- reintroduction of protective safeguards for domestic economies;
- a site-here-to-sell-here policy for manufacturing and services domestically or regionally;
- localizing money such that the majority of it stays within its place of origin;
- local competition policy to eliminate monopolies from the more protected economies;
- introduction of resource taxes to fund an increase in environmental improvements and also to help fund the transition to the “Protect the Local, Globally” approach;
- increased democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies;
- reorientation of the end goals of aid and trade rules such that they contribute to the rebuilding of local economies and local control.

2. ISEC 1999.
Under these circumstances, beggar-your-neighbor globalization gives way to the potentially more cooperative better-your-neighbor localization. What is occurring at present is an array of well meaning, pragmatic, but largely futile efforts by political activists from trade unionists to development NGOs to tame globalization. Development professionals' calls for a “fairer” liberalized trading system ignore the reality of what trade liberalization has done to the poor in the South. Development NGOs also adhere to the flawed paradigm that exports from the South to the North are a major route for the poor's development. Southern critics of this approach point to the inevitability of adverse competition between poor exporting countries, its hijacking of national priorities to the provision of the cheapest exports, the adverse working conditions and country hopping demanded by the companies involved, and instead propose the alternative of a localist development policy. Campaigns for “labor standards” or “fair trade” or “voluntary ethical codes” fundamentally mistake the nature of the trade liberalization beast. These attempts are like trying to lasso a tiger with cotton. It is now time to return this tiger to its original habitat.

Trade was initially a search for the novel: Europeans went to India for spices and other exotics, not coal. That is precisely the “localization” approach, but without the disastrous social effects of the former. Long-distance trade is only for acquiring what can not be provided within the region where people live. The rules for this diminished international sector then become those of the “fair trade” movement, where preference is given to goods supplied in a way that benefits workers, the local community and the environment. In fact to really protect the planet the principle of “Fair Trade Miles” is crucial. This involves a mixture of “fair trade” and the limiting of “miles” between producer and consumer in order to minimize fossil fuel contributions to climate change.

“Fair trade” involves the linking up of consumers and producers in such a way that the suppliers on the ground get a price that ensures them an adequate livelihood. The price paid by consumers should also cover the cost of a production process that protects the environment. In addition it is crucial to ensure that the exporting nations and their producers have as secure a level of earnings as is feasible with which to contribute to the overriding goal of re-diversifying local production. To achieve this “Fair Trade Miles” will need to be augmented to ensure that a guaranteed quantity of goods from specified exporting countries are being purchased by specified buying countries. The transactions must also take place within a guaranteed range of prices. Under such rules, transnational corporations (TNCs) will no longer have the power to play one producing country against another, since the latter has a guaranteed market at a guaranteed price. This also strengthens the bargaining power of exporters and consumers. It is in both of their interests to have the power and the profit levels of these giant

4. See, for example, Wairdel 2002.
companies curbed by this re-regulation of world trade provided by the localization of trade rules.

The politically active need to demand a new direction and end goal for trade rules along these lines. The latter must contribute to the rebuilding and protection of local sustainable economies. In the process the myriad goals of movements for social and animal welfare, development, human and labor rights and environmental protection have much more potential to be met.

To bring about this change it is crucial to play the globalizers at their own game. They have a clear end goal: maximum trade and money flows for maximum profit. From this end goal comes a clear set of policies and trade rules supporting this approach. Those seeking a more just, secure, environmentally sustainable future need to have their own clear end goal and policies for achieving it. This will require a shift away from mostly concentrating on opposing globalization towards considering the detailed policy route to its alternative—localization.

At the heart of localization is the replacement of today’s environmentally and socially damaging global subservience to international competitiveness. In its place it prioritizes local production and the protection and rediversification of local economies and environments, such that everything that can sensibly be produced within a nation or a region should be. Long-distance trade is then reduced to supplying what could not come from within one country or geographical grouping of countries.

A Program for Localization

To achieve such a dramatic turnaround will require a set of interactive and self-reinforcing policies that can bring about localization.5

Protecting the Local Economy

The first step must be a “mindwrench” away from the passive acceptance that globalization is as inevitable as gravity, and towards support for a set of self-reinforcing measures that will bring about a “Protect the Local, Globally” end goal internationally. Protective safeguards, such as import and export controls, quotas, and subsidies, will need to be introduced over a clearly agreed transition period to all continents. This will not be old style protectionism which seeks to protect a home market while expecting others to remain open. The emphasis will be on local trade. Any residual long-distance trade will be geared to funding the diversification of local economies. Such a dramatic, radical change will need to overcome TNC opposition and so will need to take place at the level of regional groupings of countries, especially the most powerful in Europe and North America.

Localizing Production and Controlling TNCs

Industry and services will be localized by site-here-to-sell-here policies to ensure localized production. Threats by TNCs to relocate thus become less plausible, as the market is lost to existing, or government encouraged, new local competitors. Once TNCs are thus grounded, then their domestic activities and the levels of taxation paid are back under democratic control. Campaigners’ demands for social, labor and environmental standards also become feasible. Adequate company taxation can help compensate the poor for any increases in prices.

Localizing Money

The disastrous effects of the unfettered international flow of money has led to global calls for some controls to be reintroduced. What is required is a re-grounding of money to remain predominantly in the locality or country of origin to fund the rebuilding of diverse, sustainable local economies. Measures include controls on capital flows, Tobin-type taxes, control of tax evasion, including off shore banking centers, the floating of civic bonds and the rejuvenation of locally orientated banks, credit unions, LETS schemes and so on. Public and private flows of money to other countries must also be directed to strengthen the local economies of the countries concerned.

A Localist Competition Policy

Local competition policies will ensure that high quality goods and services are provided by ensuring a more level, but more local, playing field. Free of the “race to the bottom” competitive pressures from foreign competition, business can be carried out within the framework of ever improving labor, social and environmental regulations, enhanced by the best ideas and technologies from around the world. Government competition policy will cover the structure and market share of businesses, plus regulate the behavior of firms.

Taxes for Localization

To pay for the transition to localization and to improve the environment, the majority of taxation will come from gradually increasing resource taxes, such as on non-renewable energy use and pollution. To promote a more equitable society, the removal of the option of relocation or the availability of foreign tax havens will make it possible to tax companies and individuals according to their wealth, income, spending, and land ownership. Part of this taxation will be used to compensate the poorer sections of society for any price rises and by shifting taxes away from employment to encourage more jobs.

Democratic Localism

A diverse local economy requires the active democracy of everyday involvement in producing the maximum range of goods and services close to the point of consumption. To ensure the broadest distribution of the ensuing benefits will simultaneously require wider, political, democratic and economic control at a local level. A Citizen’s Income will allow involvement in the economy as a matter of right. Political funding will be strictly constrained and power will pass from the corporations to the citizens. This will involve the encouragement of maximum participation in defining priorities and planning local economic, social and environmental initiatives. This will require a balance of involvement of the state, community networks and organizations and citizen’s movements.

Trade and Aid for Localization

The GATT rules at present administered by the WTO should be revised fundamentally to become a General Agreement for Sustainable Trade (GAST), administered by a democratic World Localization Organization (WLO). Their remit would be to ensure that regional trade and international aid policies and flows, information and technological transfer, as well as the residual international investment and trade, should incorporate rules geared to the building up of sustainable local economies. The goal should be to foster maximum employment through a substantial increase in sustainable, regional self-reliance.

Localizing Food Security

Globalization is increasing control of the world’s food system by TNCs and big farmers. There is a backlash from both consumers and farmers to this process that provides less safe food, environmental threats and rural impoverishment. Food security both for rich and poor countries requires an increase in the level of self-sufficiency. Also needed is a dramatic reduction in international trade in foodstuffs until the commerce left becomes a useful adjunct to increased self-reliance. This should be governed by fair trade rules benefitting small farmers and food producers, animal welfare and the environment. Land reform and the rebuilding of rural economies is an integral part of such food localization.

Localization is not about trying to put the clock back. Globalization is doing that as it reduces the security, basic needs provision and employment prospects for billions for whom things had been improving since the Second World War. The policies of localization could return humankind and global economics to a path that advances the majority and doesn’t mire them in cruel insecurity. It is not against trade, it just wants trade where possible to be local. The shorter the gap between producer and consumer, the better the chance for the

latter to control the former. Adverse environmental effects are more likely to be experienced through long-distance trade and lack of consumer control over distant producers.\(^9\) Local trade should significantly lessen these problems and make possible the tighter regulation required.

**Why should this Radical Change come about?**

The widespread resistance to globalization can be built upon to help fashion a viable localist alternative. There are already countless people and groups strengthening their local economies from the grassroots up. The greatest spur to consideration of such radical local alternatives at the governmental level will be the need to respond to global economic upheavals and the deflation, job losses and inadequate consumer demand that will come in its wake. Equally crucial in shaping a different localist imperative among politicians will be the pressure that the politically active can bring to bear. This must shift from just fighting separate issue-specific aspects of globalization to realizing that their individual successes can only be secured as part of an overarching change to localization, but in an internationally supportive manner.

Just as the last century saw the battle between the left and the right, what needs to become the big battle of this next century must be an alliance of localists, red-greens and small “c” conservatives pushing a localist agenda, defeating the doomed globalists of the political center.

So, with apologies to Karl Marx and Margaret Thatcher, the rallying cry should be: “Localists of the World Unite—There is an Alternative”.

**References**


