

The Buy Local Fallacy

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Advocates of the “buy local” movement claim doing so better the local economy. The economics and reasoning behind this claim are misguided at best. Here are three areas the locavore’s rationale is wrong.

Supporting the Local Economy is a Red Herring

The most misguided argument advanced by protectionist trade organizations who encourage people to “buy local,” is that “each dollar you spend...returns three times more money to your local economy than one spent at a chain.” It’s explained that your money goes to the farmer, from there to the local hardware store, from there to the local restaurant and so forth. Setting aside the dubious nature of how this is even measured, the question remains – Why does this matter?

The answer is that it doesn’t. That money and wealth are equivalent is one of economics’ most stubborn fallacies. This argument, common among the mercantilists of the 17th and 18th centuries, is as old as classical economics itself. The late liberal economist Adam Smith took mercantilism to task in *The Wealth of Nations* over 200 years ago, explaining that increased productivity through specialization and economies of scale – not money – was the key to prosperity. The exact opposite of what the buy local movement espouses.

The confusion stems from the belief that money is an end unto itself. Money is nothing more than a means of gathering goods and services, a medium of exchange in economic terms. Buying local artificially limits the amount of wealth we can accrue by lowering variety and increasing cost.

Local Sellers Aren’t Buying Local

Very few of the products the Buy Local movement would have us purchase are, in fact, local. Consider the case of produce from farming.

The farming equipment used, where was it manufactured?

Were the farmer’s feed and fertilizer produced locally?

Where did the farmer acquire the vehicle to transport said goods?

What about the fuel that vehicle used?

Are the containers used to store the produce made of wood of a local source, or perhaps

plastics made in a distant factory?

As you can see, very little of the total efforts needed to bring the produce to market is truly local. And thank goodness for that; the production process benefited greatly from non-local factors. This brings us to our third point.

Buying Local Would Kill Most Jobs

Most professions would perish if a strict “buy local” approach were adopted. After all, if your town thinks it best to only purchase within its borders, then surrounding towns should follow suit. Inter-town trade would grind to a halt. In so doing, those towns would limit the number of people and the amount of money in the local economy – systematically making themselves poorer.

This system of restricting trade and advocating a level of self-sufficiency is referred to as *autarky*. History is riddled with different examples of this economic asceticism. Most were (as in the recent case of North Korea) despotic in nature and left a great many people in poverty. While these examples might seem overbearing, they offer a glimpse into the localist ideology writ large.

The Buy Local movement promotes subsistence disguised as “social capital” and regression disguised as “conservatism.” Throughout the course of human events, the most prosperous economies have always fled from these fallacious ideas, not because of any moral superiority, but because the alternative was much better. People in early Europe wanted spices from Asia and the Middle East. The Japanese Meiji Restoration modernized the country by opening its borders to trade.

In America, as Desrochers and Shimizu point out in *The Locavore’s Dilemma*,

If modern-day activists were to cling to any consistent notion of “local” food, a truly “made in the USA” agricultural diet would be limited to turkeys, some farmed native fish and shellfish, sunflowers, blueberries, cranberries, Jerusalem artichokes, and some varieties of squash.

So while there is nothing wrong with perusing your local farmer’s market out of personal preference, you should remember that the items there have come a long way from “local” and that we’re better off because of it.

Originally published at FEE.org.