**Headline:** Re-Localizing Industry, One Thing at a Time

**Teaser:** The U.S. imports everything from food to toilet paper, medical supplies to widgets. How one American state is changing that.

By Valerie Vande Panne

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**[Article Body:]**

“An incredible opportunity for domestic manufacturing.” That’s how Mercedes Gonzalez, a director at Global Purchasing Companies, [describes](https://www.ny1.com/nyc/all-boroughs/news/2020/03/07/new-york-coronavirus-latest-garment-district-thriving-with-chinese-manufacturing-disrupted) an unexpected benefit of COVID-19: With shipments from China facing delays since the outbreak of the pandemic, what was once done overseas is rapidly being done here at home. The shift is revitalizing the once deserted factories, such as in New York City’s once-thriving garment district.

Thirty years ago the neighborhood’s sidewalks were clogged with racks of clothing and bustling with the city’s fashionistas. But by 2019, the same sidewalks were mostly empty of such activity, even during the day, when people were passing through the neighborhood or were stepping out of Port Authority Bus Terminal. At night, the neighborhood’s streets were eerily quiet, except for a few smokers or club-goers waiting for entrance to a party. The canyons of the once storied neighborhood seemed to be on the verge of abandonment.

Today, that’s changed. Racks are lined up along the sidewalks again, as designers desperate to meet orders can no longer wait for China to fill them. The sleepy garment district—[once on the cusp of extinction](https://www.reuters.com/article/us-newyork-fashion-garmentdistrict/ny-garment-district-battling-for-survival-idUSTRE58C0UY20090913)—is humming with sewing machines and new hires.

In a country accustomed to endless supermarket shelves filled with every possible necessity, sudden shortages of everything from toilet paper to pork products have come as a shock. The scarcity created by COVID-19 has revealed the fragility of America’s reliance on far-flung factories, farms, and manufacturing plants that are nowhere near the consumers they sell to.

As these supplies have dried up, some have begun questioning this system, and asking how we can become more resilient to shocks that disrupt supply chains across the world.

Yet there are some places that are already ahead of the curve. Albuquerque, New Mexico, not only has a local toilet paper manufacturer, but the vast majority of employees in the state work for local small businesses and cooperatives—unlike many localities where the primary employer is a large corporation.

New Mexicans have long prided themselves on their self-sufficiency, and the government has reflected on this in recent years by championing “buy local initiatives.” The result is an economic model called import replacement, a term coined by legendary urban activist Jane Jacobs. Jacobs believed import replacement to be “the best way to achieve… sustainable economies,” by examining “what is now imported into a region and develop the conditions to produce those goods from local resources with local labor,” writes [Susan Witt of the Schumacher Center for a New Economics](https://centerforneweconomics.org/publications/the-grace-of-import-replacement). “By contrast,” continues Witt, “the typical economic development model is for a city to use tax credits and other incentives to lure the branch of a multi-national corporation… Yet without deep roots in the local economy and local community, the same corporation might suddenly leave the area… and abandon workers and families.” By looking at local gaps between local needs and production, and asking what can be provided for locally and taking action to implement it, local needs are met and imports replaced.

Jacobs viewed import replacement as uniquely suited to cities, which are versatile enough to build up import replacement rapidly. The diverse and concentrated needs of the city also support the notion as they make the production [economically feasible](https://www.google.com/books/edition/Cities_and_the_Wealth_of_Nations/sDG5DAAAQBAJ?hl=en&gbpv=1&bsq=import%20replacement).

What we’re seeing today, from businesses nationwide making a quick pivot to manufacturing face masks and hand sanitizers to the garment district coming back to life, seems to echo and confirm what was at the time of Jacobs’ writing in 1984 thought of more as a theory.

Yet with New Mexico’s buy local campaign, we might see the theory put in practice and the resiliency standing out in the current crisis. With a population of 2.1 million, it is the first “minority-majority” state, and according to state auditor Brian Colón, more than half of its workers are employed by small businesses and cooperatives. This hasn’t happened by chance. New Mexico is one of the country’s poorest states, and what corporate tax incentives are offered have brought little reward, prompting the state to seek more data on their impact. In addition, the people of color and Native Americans who live in New Mexico have needed to be resourceful to survive and thrive for centuries, notes Colón. Most of the state’s small businesses, he adds, are small family or intergenerational family businesses. “Communities of color are extremely entrepreneurial, based on circumstances and need. When you have communities that are under-resourced, they ID pathways to resources,” he says, filling their community’s needs.

“There’s a saying that you can’t manage what you don’t measure,” Dr. David Scrase, secretary of the state human services department, told the [Santa Fe New Mexican.](https://www.santafenewmexican.com/news/coronavirus/new-mexico-ahead-of-the-curve-in-the-covid-19-fight/article_41a28afa-784b-11ea-a545-9f27803e4edd.html) “We are trying every option to measure the critical resources we have to manage.”

This reliance on data has served New Mexico well. Recognizing the importance of small businesses to New Mexicans, current Albuquerque mayor Tim Keller, in 2017, while serving as then-state auditor, looked at the data and noted $3.2 billion [was leaving the state](https://nmpolitics.net/index/2018/07/nm-government-often-looks-out-of-state-for-contracts-purchases/) in the procurement of needed items and services from outside New Mexico. He immediately directed his office to procure as many needed goods and services as possible locally, and he carried that ethos with him to Albuquerque, directing all 18 of the city’s departments to buy local. Since January of 2019, the city has moved more than $16.6 million in contracts home to New Mexico. The move is highly unusual; no other major U.S. city has taken such a drastic approach to buying local.

“We know that for every dollar we spend in-state, about 25 cents more stays in the local economy than if we spent that dollar out of the state,” says Synthia Jaramillo, director of the economic development department in Albuquerque. Albuquerque has become a major “anchor institution”—an institution rooted in the community, unlikely to leave, and with many needs to be met—for the state’s small businesses and cooperatives.

One of the biggest shifts to local has been in the procurement of office supplies, from a Florida-based office supplier to local [Diverse Office Supply](https://www.strideinc.com/new-page-47), a “women-owned business that employs a diverse workforce of adults with special needs, focusing on sustainable, earth-friendly products and office products manufactured by other women-owned and minority-owned businesses,” says Jaramillo. “Because of our contract with Diverse Office Supply the company has hired additional employees.” This meets a big part of the goal of the city’s buy local initiative: to support the hire of locals.

The city’s contract with Diverse Office Supply “has saved us,” says Kerry Bertram, president and CEO of the company. “The city of Albuquerque has given us a new lease on life. It’s enabled us to keep hiring those with special needs.”

Since the COVID-19 crisis began, Diverse Office Supply has put some additional expansion plans on hold, while continuing to provide Albuquerque’s police, firefighters, crime investigators, sanitation department—and more—with needed office supplies.

The city is using the model in its coronavirus response as well, not only to procure goods more efficiently but to help prop up the state economy. “In the midst of this crisis, when it comes to family and human services, homeless services, [those departments have] been instructed to use local companies for [needed] items—gloves, face masks,” says Jaramillo. When local companies “get a larger piece of the pie, they can recruit and retain employees who are New Mexico residents. The goal is to keep New Mexicans and Albuquerqueans employed.”

Colón celebrates the resiliency of the state’s local small businesses as being something rooted in a local tapestry of diversity, agility, ability, and self-sufficiency. “That agility is often not financial, but it’s the ability to move within the marketplace,” he notes. Policymakers, he notes, would be wise to lead with an eye toward how to think about an approach that isn’t siloed, but all-encompassing, and supports families, small businesses, institutions, governments, and more. The multi-pronged approach, Colón says, helps to identify resources to exist in the gaps other programs might fail to fill.

In Albuquerque, that thinking has led to the city’s new [Micro-Business Relief Program](https://www.cabq.gov/economicdevelopment/news/mayor-keller-announces-business-relief-program-to-ease-the-impacts-of-covid-19). Local micro-businesses can use the grant directly for operating expenses, to help keep them going and be prepared for when the economy is rebooted, and grow out of the identification that many local small businesses were falling through the gaps of other small business assistance programs. The city has also launched programs that enable local businesses to access information about current contracts the city has with out-of-state providers, and gives them a way to contact the city about switching the contracts back home. And the city provides resources to small businesses, including access to capital, so they are able to scale up their businesses in order to meet the city’s needs, further cultivating the ability to grow and thrive in New Mexico.

Of course, New Mexico and Albuquerque will likely never be 100 percent local. There are things we all want and need from a globalized world, that are impossible to cultivate locally and will need to be imported, at least until another way is found.

Still, the state has its own toilet paper supplier: Roses Southwest Papers Inc., a local, minority, family-owned manufacturer of toilet paper just south of downtown Albuquerque that has opened its doors to support local families in need by setting up an online portal and offering [home delivery](https://www.facebook.com/rosesswp/photos/a.388100814542306/3343839788968379/?type=3&theater).

While localized toilet paper likely wasn’t on the minds of many prior to the COVID-19 crisis, this might be a gap that can easily be filled with a localized business, not just in New Mexico, but nationwide.

After all, once the virus is over, the need for toilet paper, hand sanitizer and masks will likely remain. By keeping businesses local, more money is kept local, and there is a magnifying effect on the impact (more local jobs, more money—potentially millions or billions—staying locally, etc.).

And the impact can save not only the business, but the employees and local economic health: The city’s efforts to buy local, says Bertram, “is helping us survive the crisis,” fostering greater resiliency for the long term—and keeping people employed.

Looking to a post-COVID-19 world, Jaramillo says that the city of Albuquerque is working on an economic recovery plan: “It will always be a buy local initiative.”