Course Description
Economic development as practiced today has three dubious characteristics. It focuses on nonlocal business. It lacks a coherent framework for assisting local business. And it is a top-down enterprise. This course sets out an alternative set of principles and practices—a “local living economies” (LLE) approach to economic development that focuses on local business, creates an entrepreneurial ecosystem that supports them, and invites grassroots participation.

Starting in 1970s, the objective of most economic developers became to attract or retain global businesses. Indeed, one of the most common phrases in the professional literature, even today, is “to attract and retain.” What this formulation misses is locally owned businesses. A locally owned business cannot, by definition, be attracted. And most locally owned businesses, because they have deep relationships to a community through its managers, employees, owners, customers, suppliers and other stakeholders, usually do not require special efforts to retain them. The focus on “attraction and retention” suggests that economic developers have increasingly focused on global big business.

A growing body of evidence suggests that a community prospers when it follows three other simple rules:

Rule #1: Maximize the percentage of jobs in your local economy that exist in businesses that are locally-owned.

Rule #2: Maximize the diversity of your businesses in your community, so that your economy is as self-reliant and resilient as possible.

Rule #3: Prioritize spreading and replicating local business models with outstanding labor and environmental practices.

This course begins by elaborating the rationales for these rules, and then proceeds to detail, step by step, how communities are implementing these principles. An alternative framework for economic development can be created around six P’s: planning, people, purse, purchasing, partners and public policy.

Here’s what we mean by each:
• **Planning** – The starting place for LLE economic development should be community planning. What are the most plausible opportunities for new or expanded local businesses given your vision, your goals, your assets and your markets?

• **People** – Realization of local business opportunities requires entrepreneurs and employees who can lead new or expanded local firms. How can people already living in the community be mobilized for these roles?

• **Purse** – Most local businesses, whether startups or expansions, require both lending and equity capital. How can existing financial resources, whether savings accounts or pension funds, be tapped to support local businesses?

• **Purchasing** – Once established, local businesses flourish with concerted Buy Local efforts by consumers, businesses and government agencies. What are the best strategies for promoting these efforts?

• **Partners** – Local businesses can improve their competitiveness by working together as partners, either in a local business alliance or as part of a sector-specific network in food, energy or finance.

• **Public Policy** – Laws, regulations and rules at all levels of government — local, state, national and global — should be calibrated to maximize the probability of local businesses succeeding.

After exploring these concepts broadly, the course spends the final third of its time on perhaps the single biggest obstacle to local living economies – namely Purse. The complex world of community capital is presented, along with the growing number of tools communities and “unsophisticated” investors are using to invest in local small business.

The course aims to promote bottom-up participation in economic development, both to hold professional economic developers more accountable and to carry out more of this critically important work at the grassroots. We recognize that there is a legitimate role for economists, public policymakers and other experts, but we also believe that the entire field would prosper with the broader citizen participation.

**Learning Objectives**
Participants can expect to walk away with:
- An understanding of the shortcomings of existing economic-development practices, and the relative strengths of LLE economic-development alternatives.
- More than 50 case studies of communities that are successfully using LLE economic-development tools.
- A detailed understanding of how to undertake LLE economic-development in their own communities.
- A cohort of fellow practitioners that they can rely on as they begin to implement LLE economic development.
About the Instructor

Michael H. Shuman is an economist, attorney, author, and entrepreneur. He currently is Director of Community Portals for Mission Markets and a Fellow at three organizations: the Business Alliance for Local Living Economies (BALLE), Cutting Edge Capital, and Post-Carbon Institute. He is one of the nation’s leading experts on community economics and the advantages of small-scale businesses in an era of globalization. He is also one of the original architects of the crowdfunding law signed last April by President Obama, and currently teaches monthly workshops on local investment.


In recent years, he has prepared studies the on the opportunities for food localization for New Mexico, Detroit, Cleveland, Boulder County, Denver, Michigan, and Washtenaw County. He led another food study, funded by the Bill & Melinda Gates Foundation and the Kellogg Foundation, analyzing case studies of 24 local food businesses worldwide. ([www.communityfoodenterprise.org](http://www.communityfoodenterprise.org)). He has performed “leakage analyses” (job opportunities through import-replacing businesses) for Spokane (WA), St. Lawrence County (NY), the Katahdin Region (ME), Martha’s Vineyard (MA), Appalachia, Davidson County (NC), and Kootenai County (ID), and has designed simple leakage calculation tools for the BALLE web site ([www.livingeconomies.org](http://www.livingeconomies.org)). He is also now completing a study, funded by the W. K. Kellogg Foundation, which documents income tax and public spending inequities facing small business in 15 states.

A prolific speaker, Shuman has given an average of more than one invited talk per week, mostly to local governments and universities, for 30 years—in 47 states and eight countries. He has appeared on numerous television and radio shows, such as the Lehrer News Hour and NPR's "Talk of the Nation," and NPR’s “All Things Considered.”


Shuman received an A.B. with distinction in economics and international relations from Stanford University in 1979 and a J.D. from Stanford Law School in 1982. Between 1987 and 1990 he was a W.K. Kellogg National Leadership Fellow. He is also a member of both the State Bar of California and the District of Columbia Bar.