

The Small-Mart Revolution:



THE SMALL-MART REVOLUTION



HOW LOCAL BUSINESSES ARE
BEATING THE GLOBAL COMPETITION
MICHAEL H. SHUMAN

Toward A Sustainable
Regional Economy
In Portland

The Struggle Over Capitalisms

TINA
vs.
LOIS



3/28/2009

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TINA—There Is No Alternative

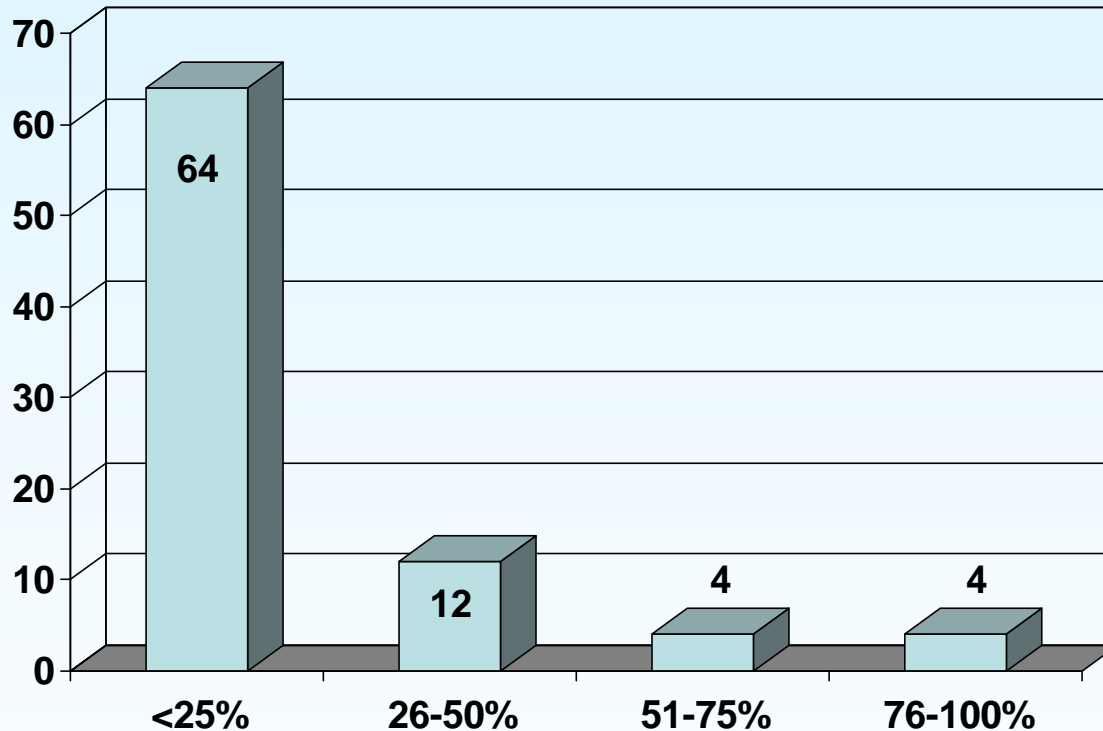


- Attract Toyotas
- Prioritize Exports
- Reassure Locals

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TINA's Dominance Today

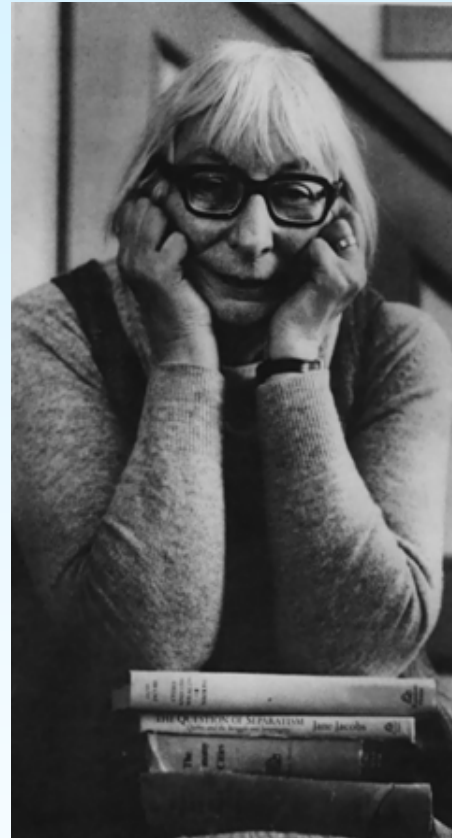
Character of Program-Years Studied
(By Percentage Spent on Local Business)



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LOIS–The Alternative

- LO:
Local Ownership
- IS:
Import-Substituting
Development



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Local Living Economies

- Local Owned
- **BOTH** Self-Reliant & Exporting
- Socially Responsible



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A Movement FOR, Not AGAINST



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Overview

- I. Why Embrace LOIS?
- II. Can LOIS Compete?
- III. How to Nurture LOIS?



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I. Why Embrace LOIS

- Global Competitiveness
- Diverse Jobs
- Renewability
- Uniqueness
- Creative Economy
- Smart Growth
- Regional Action



The screenshot shows the website for the Greater Portland Council of Governments (GPCOG). The header features a blue navigation bar with the title "Greater Portland Council of Governments" and menu items: "Home", "Data Center", "Cooperative Services", and "Economic & Community Development". Below the header is a banner image of a lake and a "GPCOG" logo. A vertical sidebar on the left contains a list of navigation links: "Home", "About Us", "Contact US", "Forums/Workshops", "Data Center", "Cooperative Services", "Econ & Comm Development", "Transportation & Land Use", and "Mapping". The main content area includes a "Welcome to the Greater Portland Council of Governmen" message, a photograph of a multi-story brick building, and a "GPCOG Mission Statement" which reads: "Providing responsive service and lead members and community partners through regional cooperation and c". Below the mission statement are three links: "About Us", "Contact Us", and "Driving Directions".

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#1 Global Competitiveness

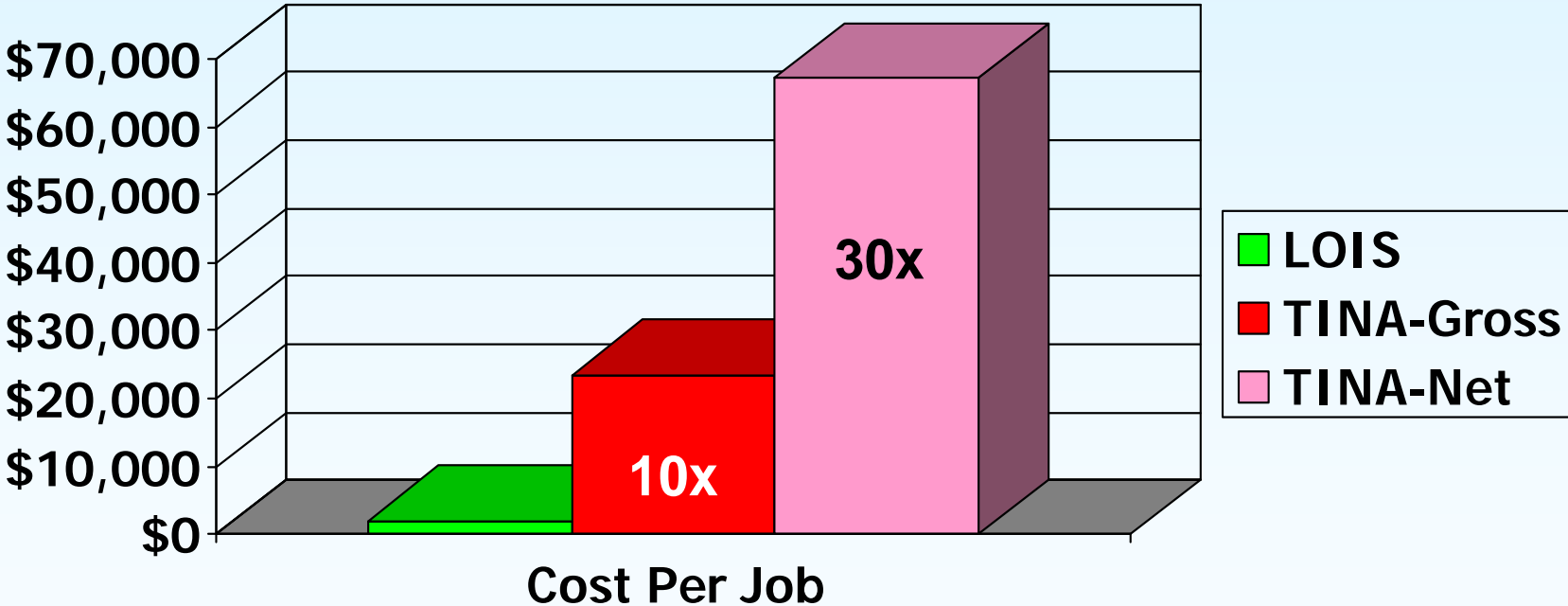
“Maintains and protects Southern Maine’s traditional resource industries...while recognizing opportunities for sustainable global commerce...”



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Competitive Benefits of Local Businesses

Business Subsidies in Lane County (OR)
(mid-2003)

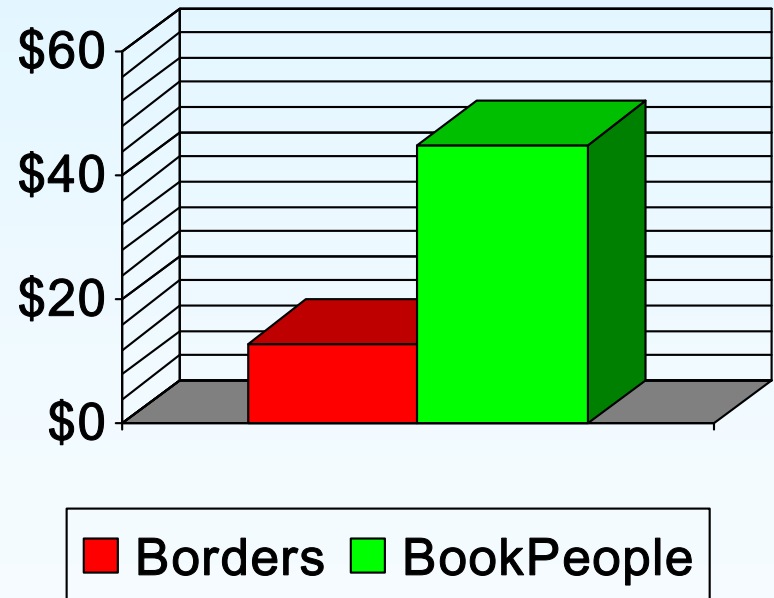


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#2 Diverse Jobs

“...values a diversity of housing, transportation, educational, and employment opportunities for a varied and competitive workforce...”

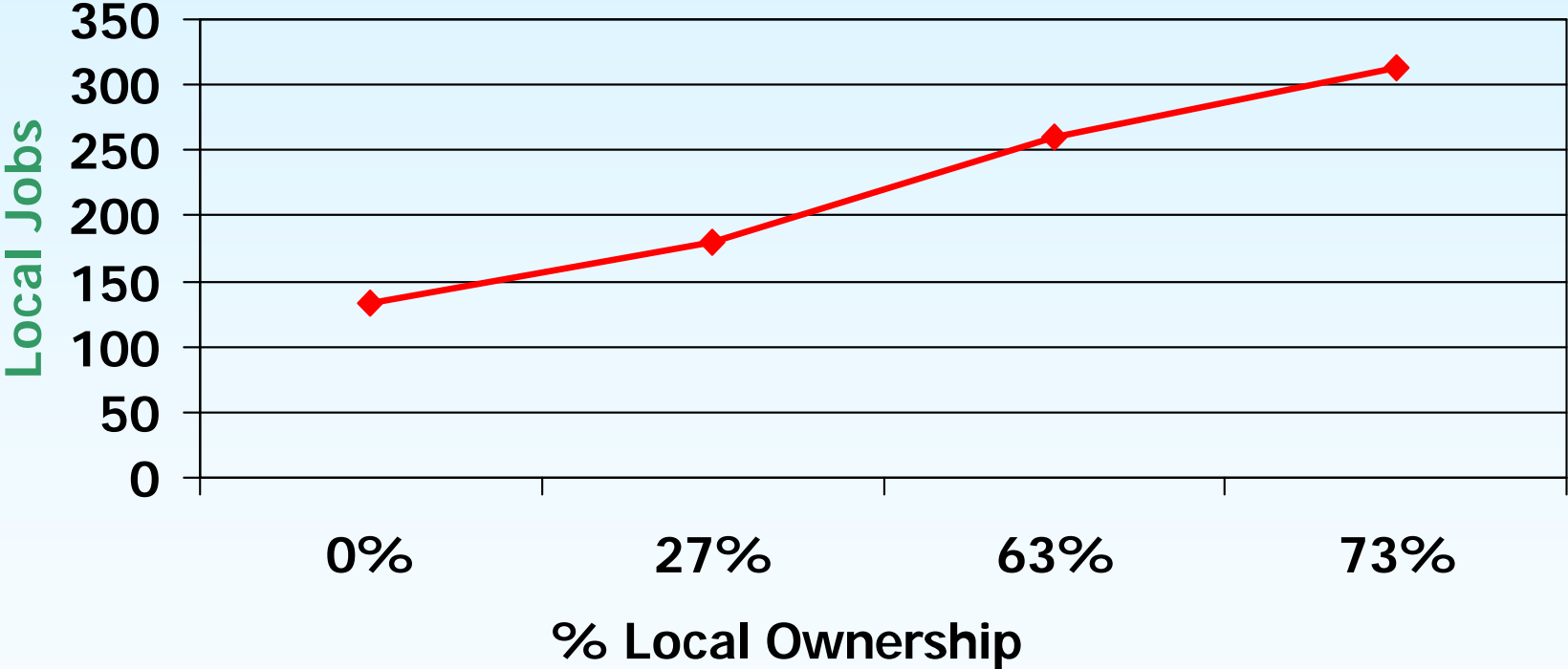
Impact of \$100 Spending (Austin)



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Local Ownership Increases Jobs

Ethanol Plant in Iowa

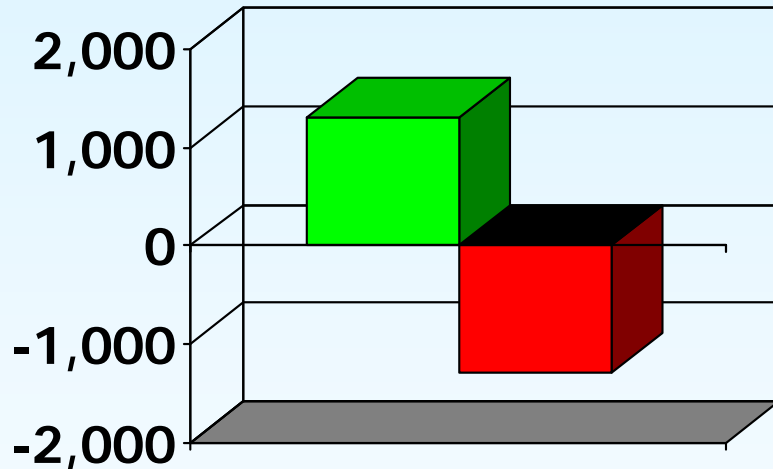


Source: Iowa State University, 2006

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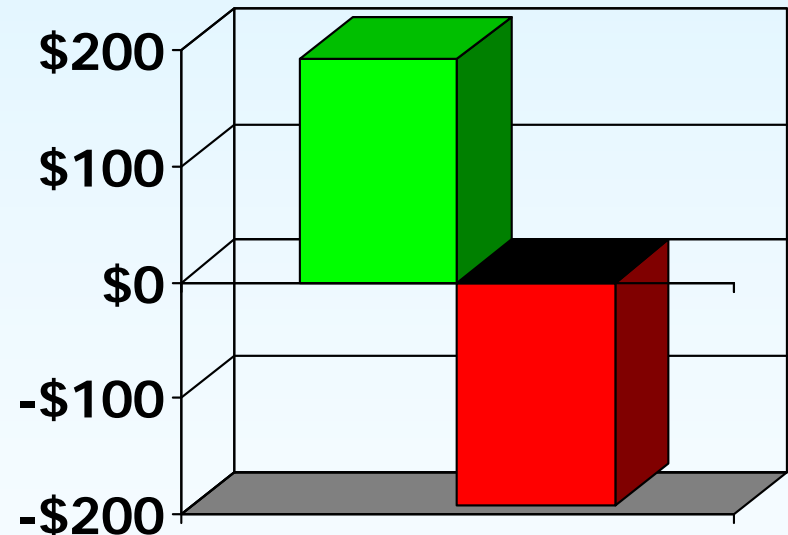
Impact of Changing Spending on Local Retail in San Francisco

Job Impacts



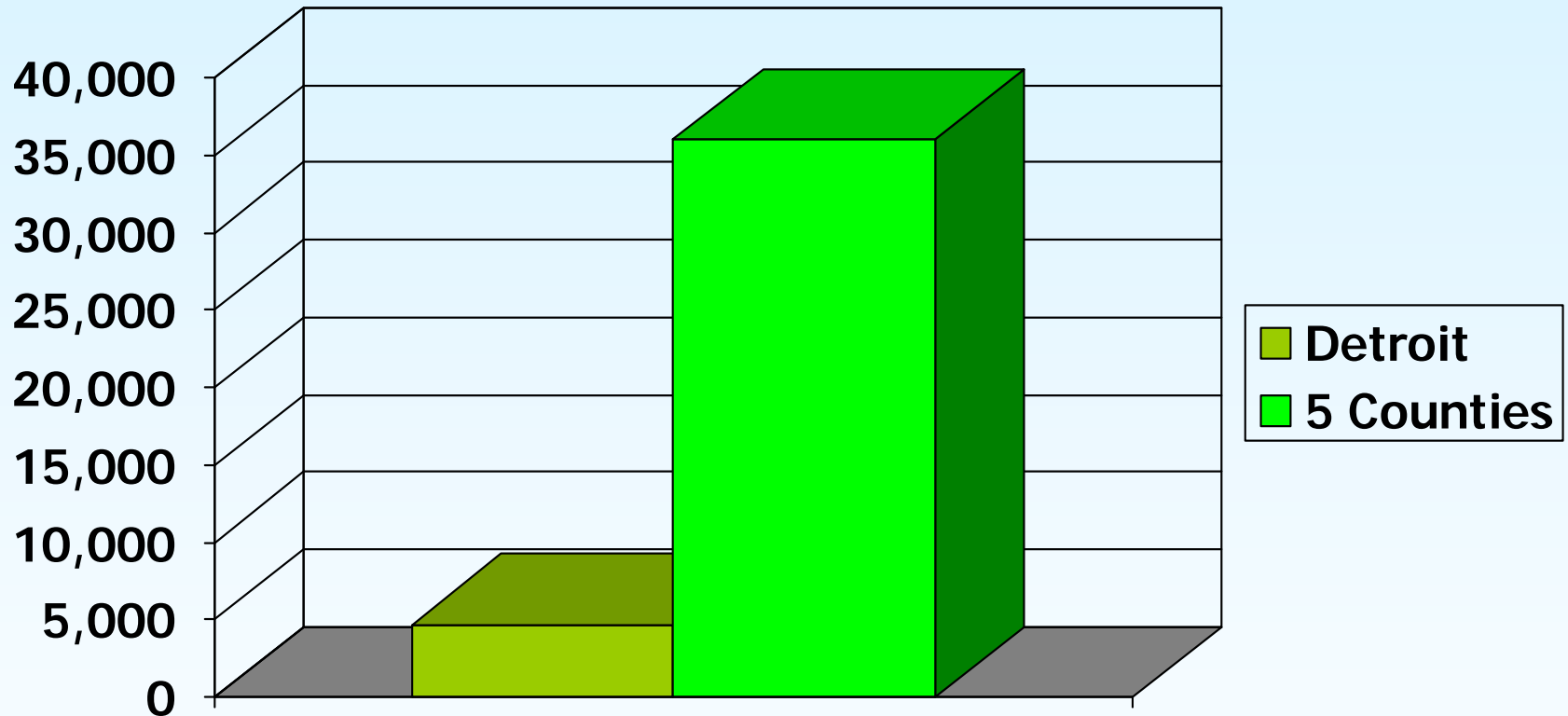
■ 10% More Local
■ 10% More Chain

Output Impacts (\$ Millions)



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Jobs Impact of 20% Shift in Spending on Food in Detroit



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#3 Renewability

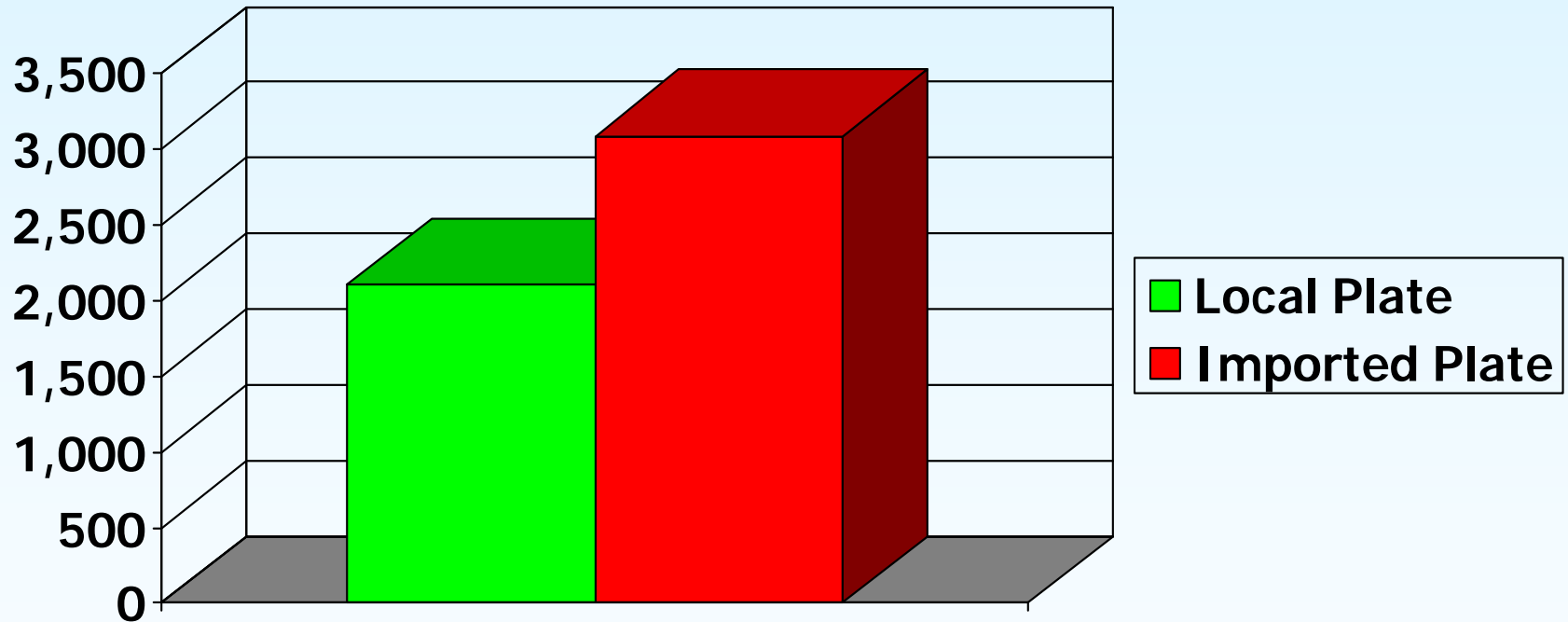
“Uses nonrenewable resources sparingly, renewable resources at a sustainable rate, and in a continuous cycle...”



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University of Washington Study

Grams of CO₂ for Different Plates of Food



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#4 Uniqueness

“...natural, cultural and diverse human qualities that make the region unique and enhance the quality of life...”



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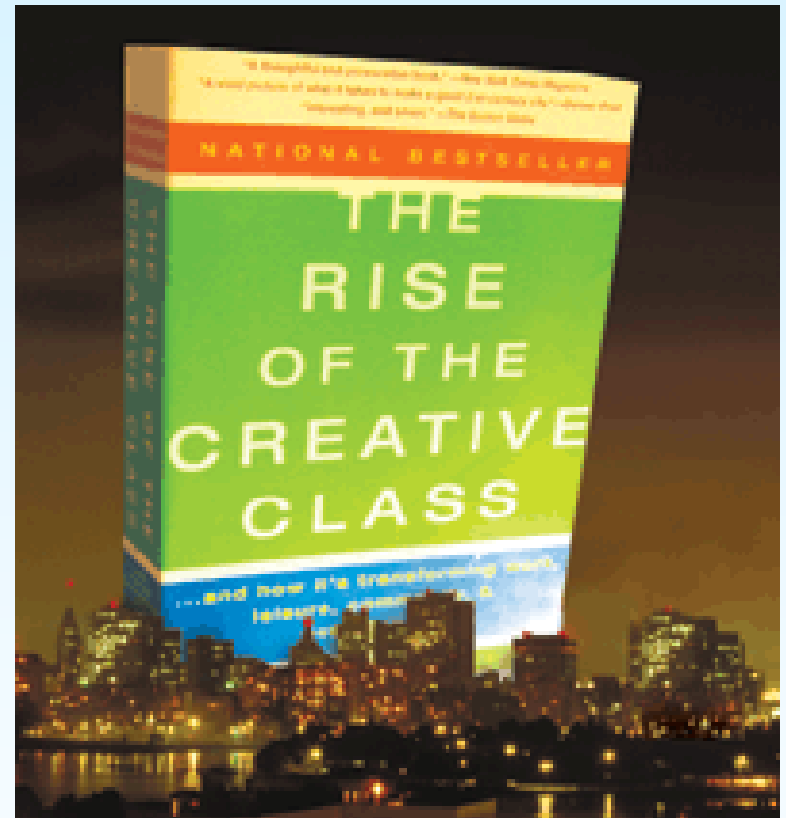
Uniqueness Attracts Tourists



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#5 Creative Economy

“Remains flexible and adapts to changing opportunities and challenges...”



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#6 Smart Growth

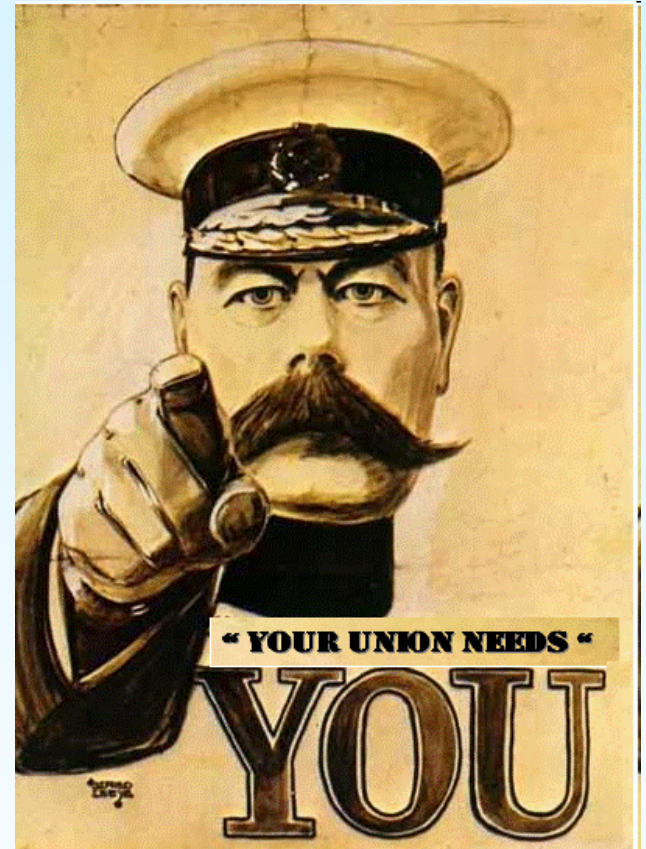
“...long-term effects on the regional economy, environment, and community...”



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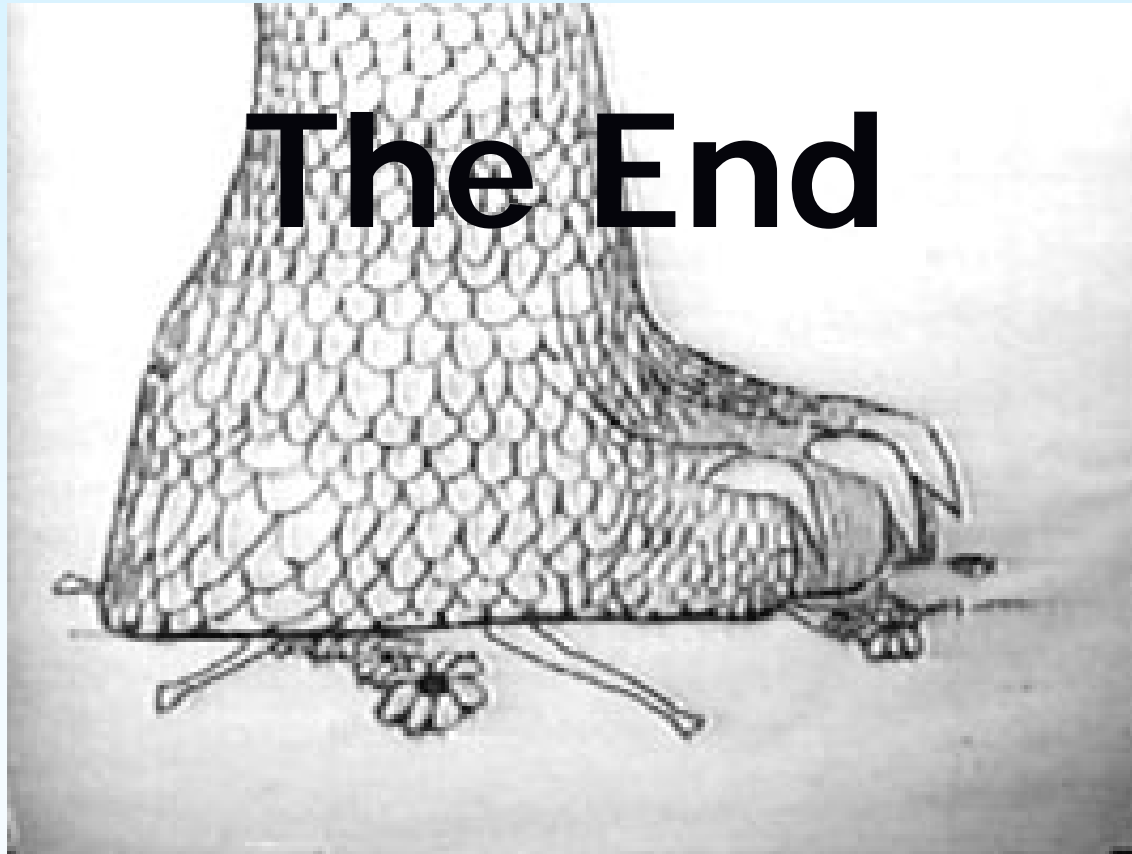
#7 Regional Action

“Thinks globally, acts regionally, and respects the local interests of its citizens...”



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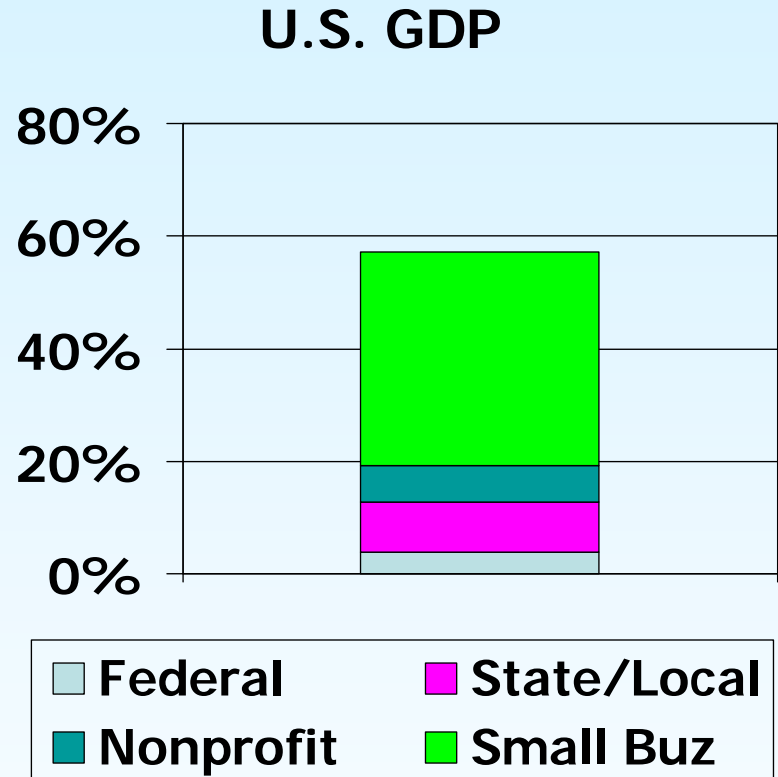
II. But Can LOIS Compete?



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Typical LOIS Skepticism

- **Rare Part of Economy**
- Most Fail
- Most Can't Innovate
- Most Can't Compete



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Typical LOIS Skepticism

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Net Births of Firms (2000-2001)

Small: +32,000

Large: -200

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Typical LOIS Skepticism

- Rare Part of Economy
- Most Fail
- **Most Can't Innovate**
- Most Can't Compete

Recent Performance

- 60-80% New Jobs
- 13-14x Patents

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Typical LOIS Skepticism

- Rare Part of Economy
- Most Fail
- Most Can't Innovate
- **Most Can't Compete**



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Our Perception of Globalization

Coming to a Town Near You



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Why LOIS Lost 3-4% Market Share Over Last Decade?

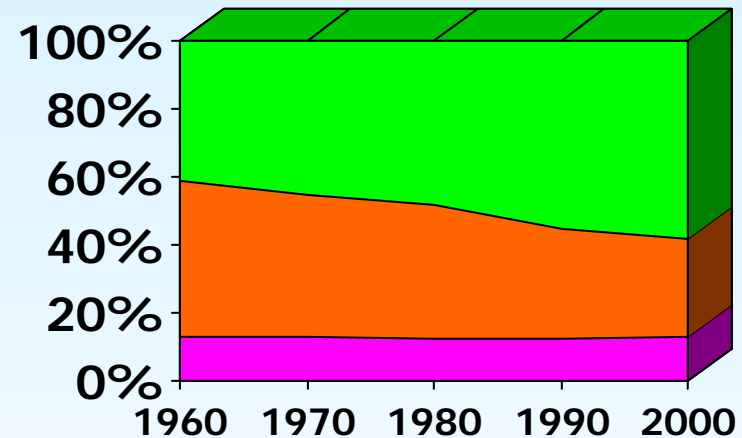
- Subsidies
 - \$50 Billion State/Local
 - \$63 Billion Federal
- Equity Markets Bias
- 1001 Legal Wrinkles



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Why TINA Is Becoming Less Competitive

- **Service Economy**
- Distribution Costs
- Rising Oil Costs
- Home-Based Buz



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Why TINA Is Becoming Less Competitive

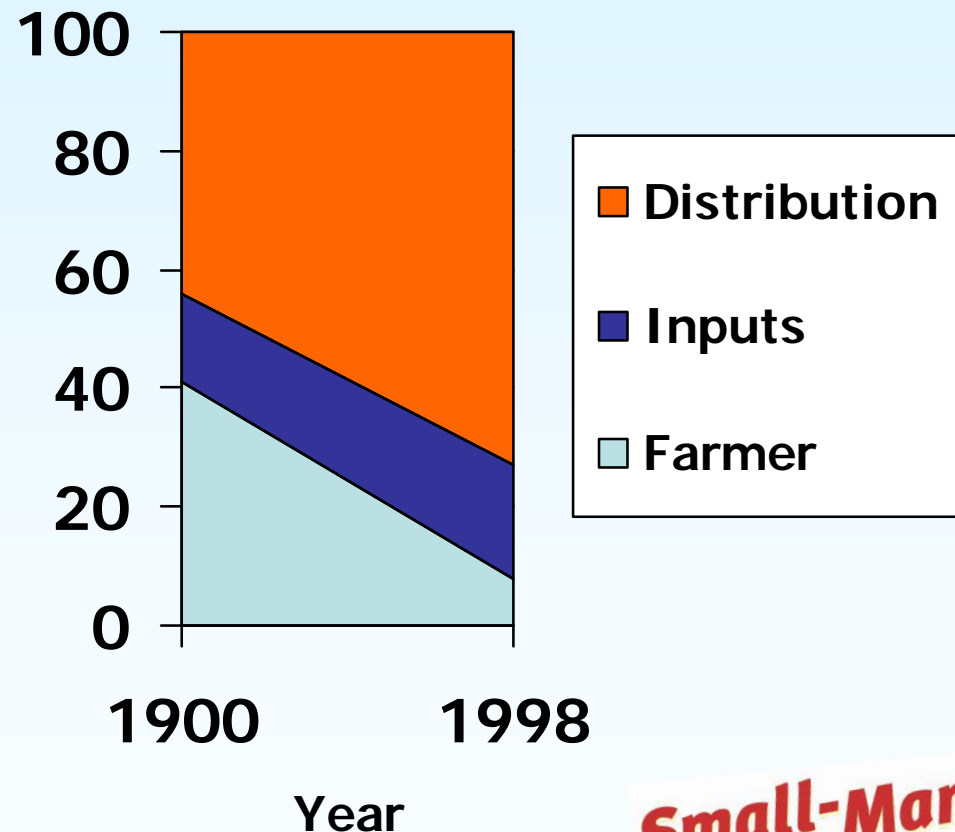
- Service Economy

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Where Food Dollar Goes



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Why TINA Is Becoming Less Competitive

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- **Home-Based Buz**



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Examples of Local Advantage

- Energy
- Banking
- Pharmaceuticals



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Further Evidence...

HSBC  The world's local bank



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III. How to Nurture LOIS

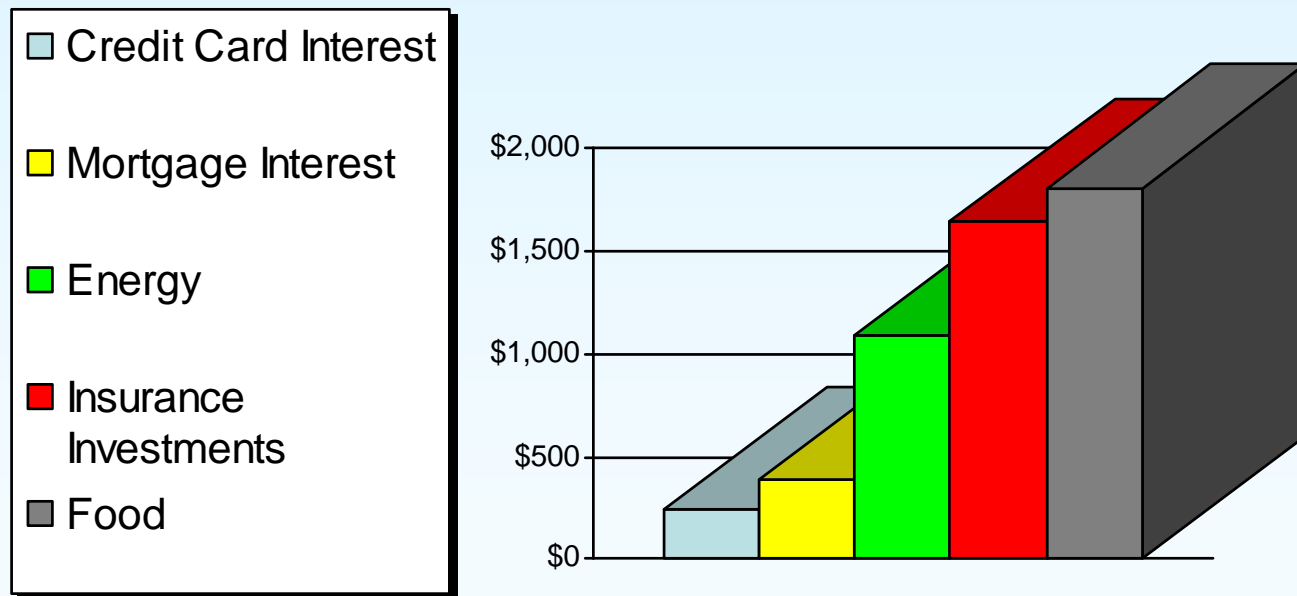
Planning	Plug the leaks.
People	Support LOIS entrepreneurs.
Partners	Compete through collaboration.
Purse	Harness pensions locally.
Purchasing	Spearhead “Local First” campaigns.
Policymaking	Remove anti-LOIS biases.

How to Nurture LOIS

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Planning EG: Leak Plugging

Vermont Leakages (\$ Millions/Year)



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'Dead-end' Austrian town blossoms with green energy



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Hardwick, Vermont



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How to Nurture LOIS

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What Is Local First?



- Encourage, Not Require
- Good, Not Perfect
- Target B2C, B2B, & B2G
- Smart Shopping

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Why Can't Economic Development Be Entrepreneurial Too?

Now?

Better?



Concept of a “Meta-Business”

Whatcom & Susquehanna Counties

Where the Locals Go!

COUPON BOOK

RESTAURANTS

CONFERENCES

SERVICES

MERCHANDISE

2005 2006

INCLUDES A **Free** Farm Map & Guide

OVER **\$6,400** IN SAVINGS INSIDE

Sustainable Connections

STILL ONLY **\$10.00**

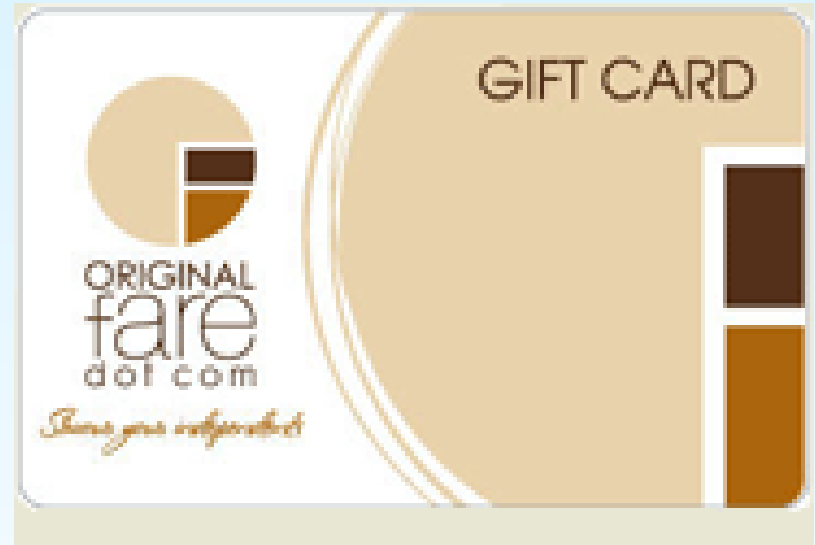
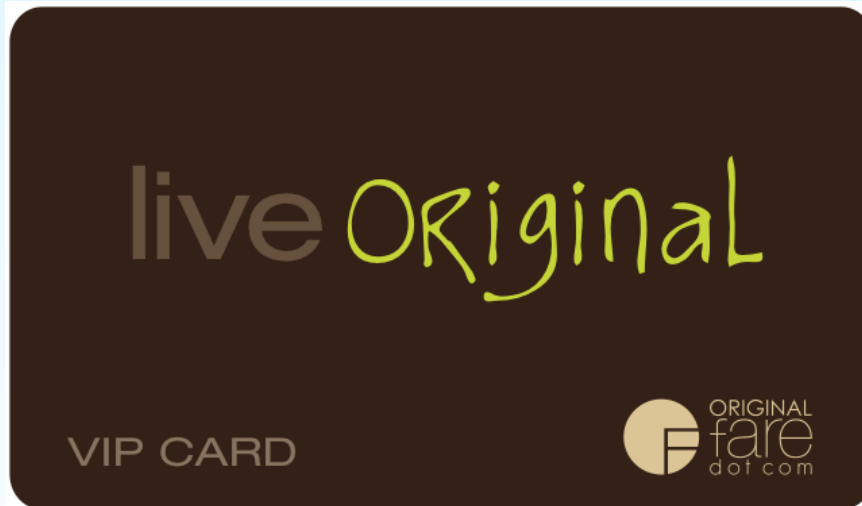
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Another Purchasing EG: Local Debit Card



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Another Purchasing EG: Local Gift Card



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Partners EG: Joint Procurement



Purse EG: Local Stock Exchanges



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People EG: Super-Incubators



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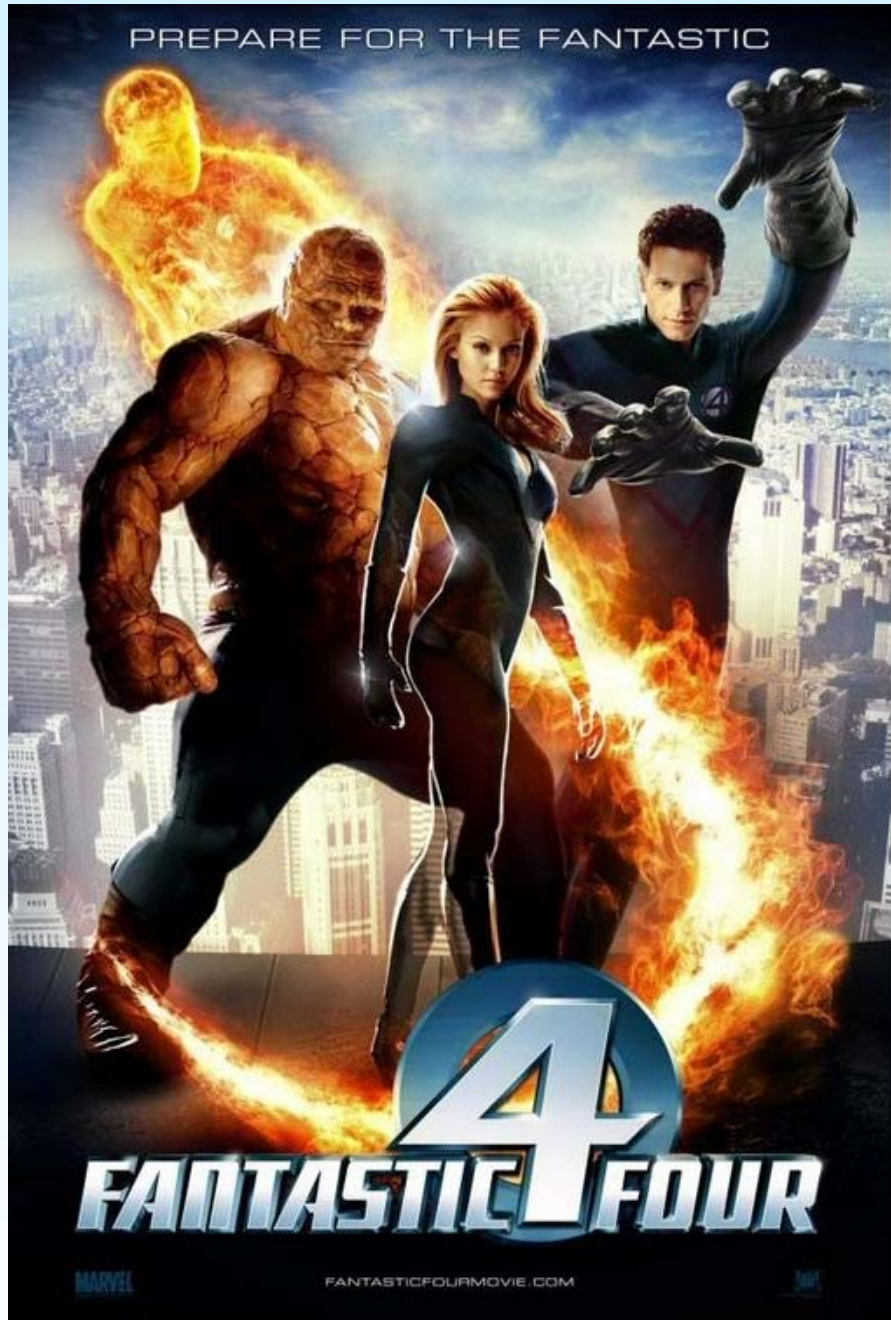
Regional Role



How to Nurture LOIS

Planning	Plug the leaks.
People	Support LOIS entrepreneurs.
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Purse	Harness pensions locally.
Purchasing	Spearhead "Local First" campaigns.
Policymaking	Remove anti-LOIS biases.

PREPARE FOR THE FANTASTIC



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Policy #1

Smart Planning



State of City Report

- * Top Leakages
- * % Economy Locally Owned
- * Start-up Rate & Success
- * Home-Business Success
- * Key Policy Challenges

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Policy #2: Smart Land Use

- Informed Growth Act
- Home-based Businesses
- Commercial Land Trust



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Policy #3

Smart Financial Reform

- **Micro Stock & Exchange**
- **Cooperative Investment Funds**
- **Tax Credits**



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Policy #4

Smart Procurement

- **Local Preferences**

- 25 US Cities
- **Challenges**
 - Corruption/Abuse
 - Legality



- **Multiplier Based**

- **Procedure**

- Bids Contain Local Commitment
- Multipliers Calculated
- Govt. Revenue Calculated
- Adjust Bid

- **Advantages**

- Nondiscriminatory
- Economically Rational

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to feel
happening
you can
you can

ing **focus**

to feel free
I cant live my
explorations
to feel

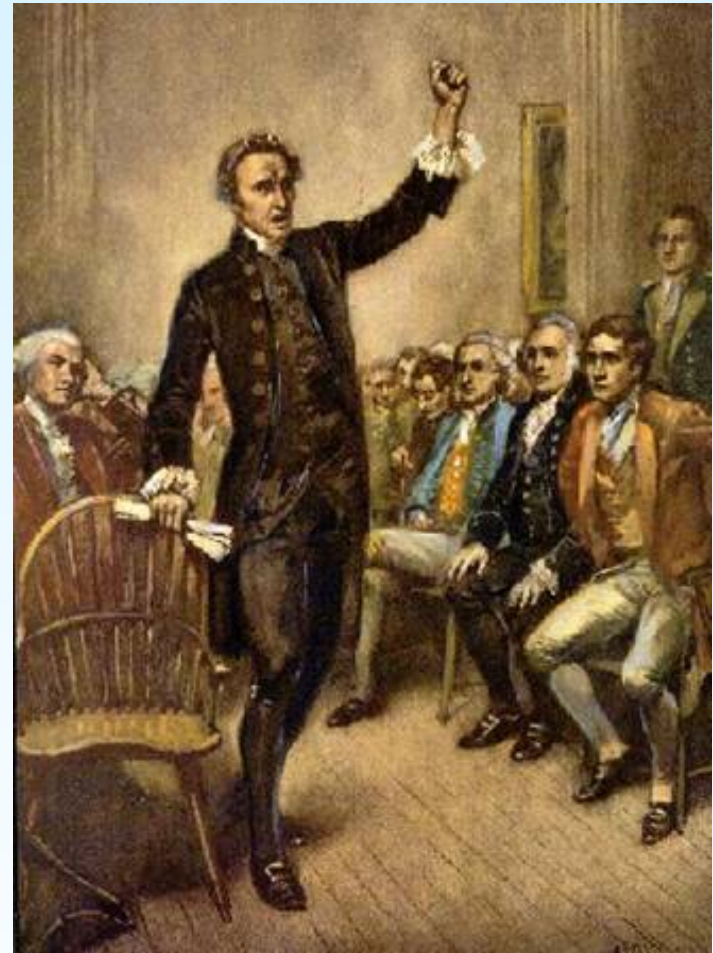
Choose Wisely



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Patrick Henry: (with minor edits)

“Why stand we here idle?
Is life so dear or peace so
sweet as to be purchased
at the price of chains...?
Forbid it, Almighty God. I
know not what course
others may take, but as
for me, give me
community or give me
death!”



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For More Information:

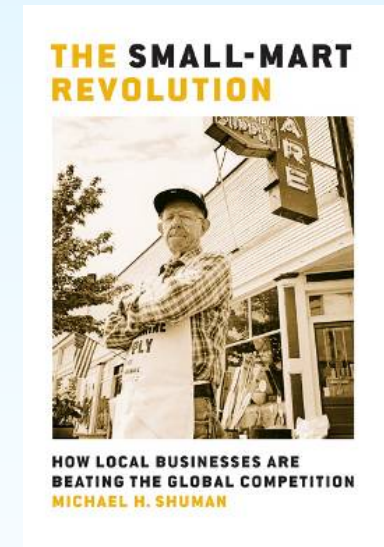
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