

Scranton Community Wealth-Building Initiative Gains Momentum
By Austin Burke and Sondra Myers
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In Scranton, Pennsylvania, community efforts to develop a comprehensive community wealth-building economic development strategy have progressed considerably since a Leadership Roundtable was held in October 2006.

That Roundtable– “Choosing an Effective and Just Economic Future” – cosponsored by the Greater Scranton Chamber of Commerce, the Scranton Area Foundation and the University of Scranton, produced a day of intense discussion on strategies for effective and just economic development. Speakers included Gar Alperovitz and Ted Howard of Community-Wealth.org and The Democracy Collaborative at the University of Maryland, and Joseph Blasi, a noted employee ownership expert and professor at Rutgers University. Community leaders in Scranton were impressed with the soundness and pragmatism of the change strategies that the speakers advocated and expressed great readiness to turn sound development ideas with strong economic justice goals into on-the-ground realities.

The idea for the roundtable was born of conversations held over a two-year period between Chamber of Commerce CEO Austin Burke and Sondra Myers, a Senior Fellow for International, Civic and Cultural Projects at the University of Scranton, who had previously consulted with The Democracy Collaborative.

The vision of the Democracy Collaborative and Community-Wealth.org, of course, centers on economic development, but not the run-of-the-mill kind, which all too often results in patterns of economic development that fail to meet the goals of either economic justice or sustainability. Instead, Community-Wealth.org promotes a number of ideas and models that taken together can help pave the way for a more progressive, enlightened form of development.

Fortunately, Scranton had in its Chamber of Commerce head, its mayor, its county commissioners, and in a number of corporate and civic leaders, individuals who were ready to learn about and act upon this particular brand of economic development. And so we set a date, developed an agenda and drafted an invitation list. It speaks volumes that 1) no one among the busy people we invited turned down the invitation and that 2) before the roundtable adjourned it was decided to have three action committees to follow through on what appeared to be the most useful and doable recommendations proposed.

Of these three committees, one is focusing on promoting local purchasing by large anchor institutions such as the area’s universities. A second is promoting the use of employee ownership (especially Employee Stock Ownership Plan companies, better known as ESOPs). The third is leading a process of community-based strategic planning, which is investigating the feasibility of developing a Scranton-based community land trust. For over a year now, the three groups have continued meeting on a regular basis. And their

efforts show great promise for generating positive results in Scranton and Lackawanna County.

The purchasing committee has chosen to work on two aspects of purchasing: 1) encouraging large non-profit institutions to pool their purchasing power through cooperative joint purchasing to more strategically act to benefit the Scranton economy, and 2) encouraging area non-profits and for-profits to buy local whenever possible in order to increase local economic multipliers and hence support local area job creation.

The committee has decided to include the neighboring Luzerne County in the program to maximize our ability to strengthen the local economy. It is currently in the process of completing final joint purchasing and local purchasing plans. The committee has already met with the University Purchasing Collective to discuss a “buy local” session for Lackawanna and Luzerne County businesses. Meantime the theme of the Chamber’s Business Industry Services Show, to be held in the spring of 2008, will be “Buy Local.”

Efforts to develop employee ownership in Scranton are still getting off the ground, but we are optimistic about long-term prospects for job creation, and importantly, job retention, through this initiative. It is a well-known fact that the most common way ESOPs are formed is as a mechanism to preserve a family-owned business by transferring ownership to the employees. Studies have shown that less than a third of family businesses survive into a second generation, but when the businesses are converted to employee-ownership, the survival rate climbs to as high as 80 percent. To help spur further effort in this direction, we invited J. Michael Keeling, President of the National ESOP Association, to give the keynote address to a meeting of local business leaders this coming April. Mr. Keeling has accepted our invitation and we look forward to hearing from him at that time.

The third committee, led by Scranton Tomorrow and chaired by Mike Hanley of United Neighborhood Centers of Northeastern Pennsylvania, is investigating the possibility of creating a Scranton-based community housing land trust. The committee has already created a draft “white paper” on the concept and plans to conduct an information-sharing session in early 2008 with a key representative from the Burlington, VT land trust, one of the most successful in the country, as part of its feasibility analysis. The session will include key stakeholders in the community in order to educate them to the value of this major undertaking.

A little more than a year after our initial Roundtable, we are greatly encouraged by the progress we have achieved and look forward to reporting on further progress in the year to come. The Roundtable held last year helped energize the private for profit, private non-profit and public sectors of the community to all work collaboratively on projects and practices that will enhance the fairness and sustainability of economic development in our region.

We encourage other communities to learn from our experience. A wealth building roundtable will not solve all your problems but undoubtedly can be as galvanizing and

catalyzing a force in other communities as it has been in Scranton. We heartily commend it and will be glad to discuss the “how to” with others.