

An Overlooked Economic Development Strategy

The May 21st editorial in the Times Leader, under the headline, “We need to work full time to gain long-term employers” straddled the fence between congratulating the region for landing the new Amazon.com facility in Humboldt Industrial Park and a warning that we need to find longer-term, higher-paying jobs. The editorial concluded, “This region needs to continue to strive toward becoming a chief source of the nation’s business innovation and industrial know-how. Let’s not serve only as its shopping cart.”

We couldn’t agree more! Let me suggest a sort of continuation of the editorial, if you will...

...One way to do this is to strategically implement what has become recognized as an attractor of just the sort of companies and jobs that we need. Traditional attractors include tax abatements such as the Keystone Opportunity Zones (KOZ) locations, low-interest loans, ready-to-occupy building space and other incentives that appeal directly to a prospect’s bottom line. But there is mounting evidence that the attractors that work over the long term and that appeal most to the sort of forward-thinking employers that we so badly need, are not so much direct economic subsidies, but rather quality-of-life enhancements. In this age of electronic commerce, a company can locate anywhere it wants to (unless it is the business of the physical distribution of a large volume of goods), and they tend to choose not those regions with economic incentives, but those where they, and their employees, would like to live. Those places are characterized by quality-of-life amenities.

Let us put ourselves into the minds of the senior management at Amazon.com. “We need to put this distribution center in Pennsylvania because we physically deliver enough of our ‘stuff’ there to make it economical.” So they hire a thousand-plus people with a great work ethic for relatively low-paying jobs to get it done. Congrats to Northeast PA – the tax relief and low interest loan incentives paid off again. But my guess is that relocating the brain-trust – the managers, the strategizers, the marketing gurus and the techies – to Northeastern PA is as likely as Ron Paul becoming President. Why? Because they can’t see the quality of life. Why would they want to base their creative-class co-workers here?

And that’s a shame, because it just isn’t true. Ask the execs at Solid Cactus, Pepperjam, iGourmet and a handful of others around town. For the price of a small condo apartment in Silicon Valley, the Boston I-28 Corridor, or the Washington Beltway you can get a fine home overlooking Harveys Lake or a wonderful historic home on West River or South Franklin Street. And wherever you choose to live around here, you’re within a half hour of some great rock-climbing, fly fishing, bike paths, scenic kayaking, performing arts, minor-league (you saw them here first) sports, eclectic exhibitions, second-to-none fine dining (at a third the price) and, dare I say it? – fresh air!

The shame is that we don’t promote it, and we don’t INVEST in it. Look to our neighbors in Lackawanna County for a successful example. A recent study by the Americans for the Arts discovered that, on average, every dollar of public funds invested in the arts & culture returns \$16 in economic growth. That’s a far better investment than a tax break. That same study found that Luzerne County is the second LOWEST in arts & cultural industry spending for the 19

regions of its size category (Population 250,000 – 499,000). Could it be because, except for one small grant (see below), that there precious little public investment for arts and culture?

Why don't we do it? Why do we build storefront buildings that remain vacant when we already have plenty of vacant storefront buildings, even when we offer tax breaks and low interest loans to fill them up? Perhaps it's because we can't see the direct, short-term return on investing in quality-of-life. The fact is, it isn't really visible! It's hard to say that a loft apartment is occupied because of an investment in the arts. But it IS long term and sustainable!

There are signs that this may be changing. A little over a year ago the County Commissioners requested a study of the cultural landscape of Luzerne County, which was completed under the auspices of the Joint Urban Studies Center with AMS Consulting. They also granted \$50,000 to the Cultural Council of Luzerne County to create a web site, develop marketing materials and hire a paid executive director for what had been an all-volunteer managing board of directors to increase the Council's level of activity. All of this has been accomplished, and there is a lot more to come! Next spring, the RiverFront project will be complete, and for the first time in many decades, you will be able to walk to the banks of the Susquehanna River and wiggle your toes in it while listening to a live performance in the new amphitheater that would appeal to any card-carrying, creative-class genius.

Maybe, just maybe, the commissioners, the folks at our county's several Chambers of Commerce, our college administrators, our tourist promotion folks and our mayors are beginning to take the long view. Empty store fronts and nice pieds-a-terre will be filled most productively and for the long term not when we entice the companies to come here to create ho-hum jobs, but when we attract the people that run them and their creative-class coworkers that make them, and our economic development efforts, successful.

Respectfully submitted,

Mike Burnside
Executive Director
Cultural Council of Luzerne County