

Quality of life

As an economic
development strategy

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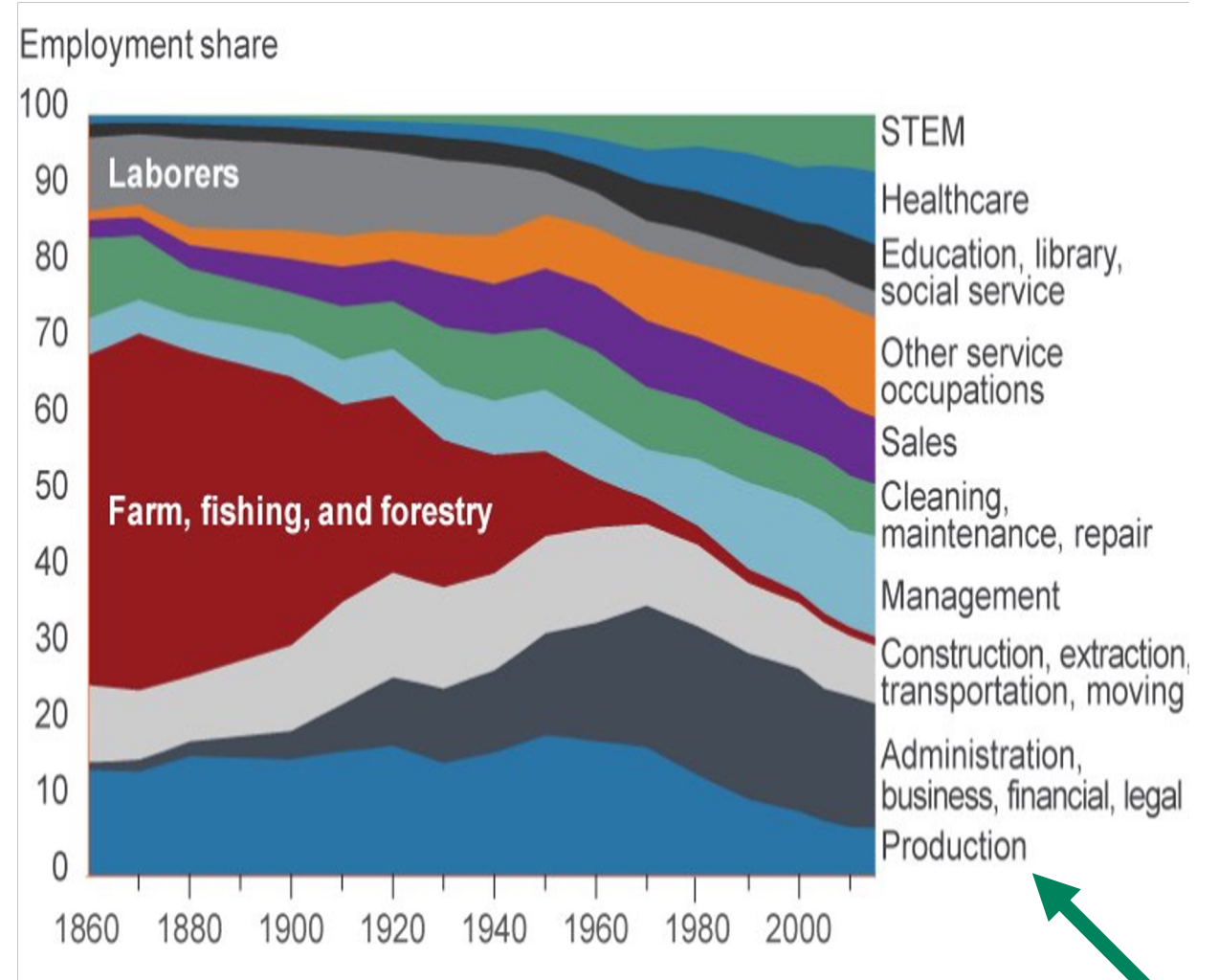


WHERE ARE THE JOBS?

Since peaking in 1979, manufacturing (production) jobs have dropped **34%**

Source: Elvery, 2019 using IPUMS

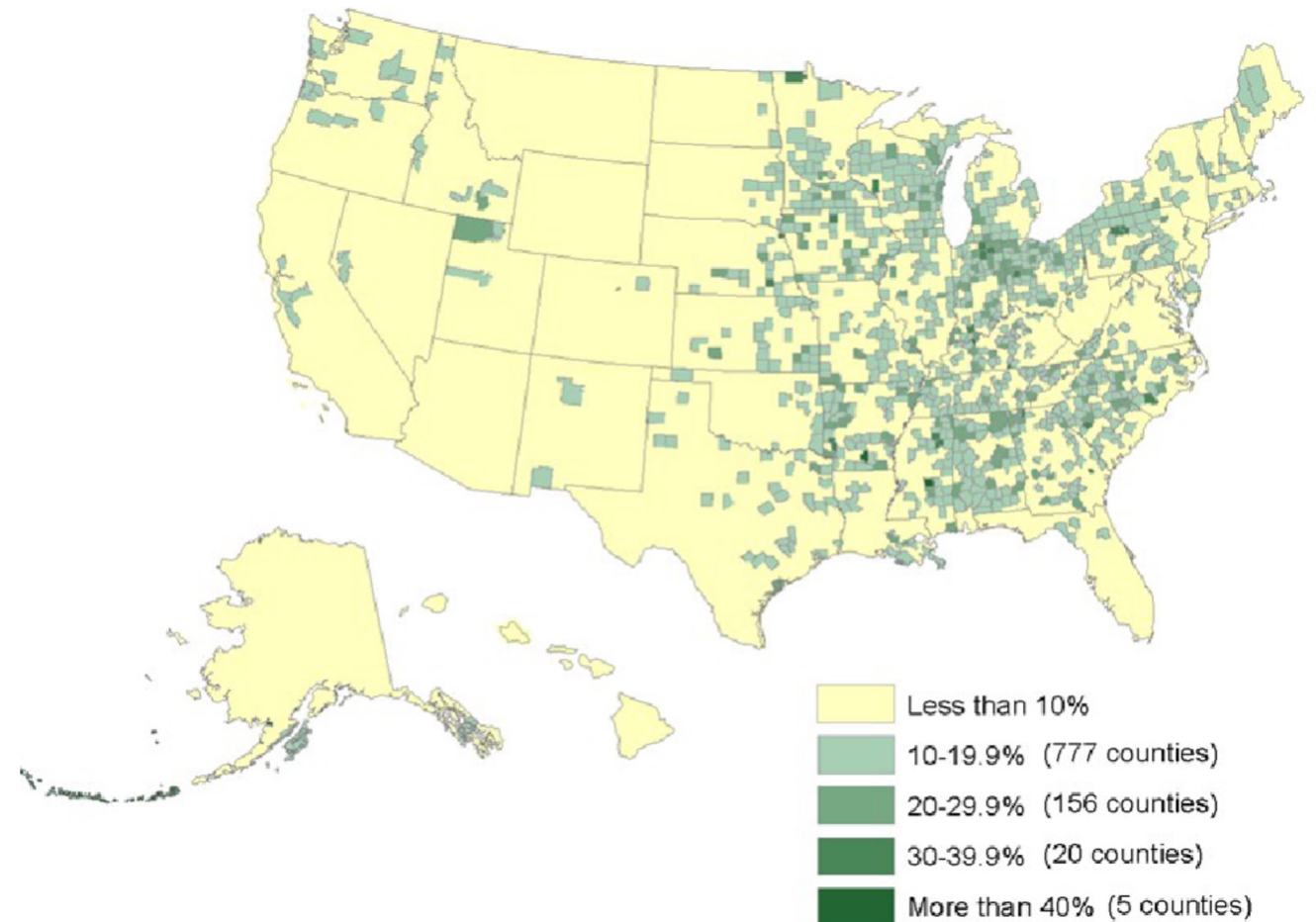
Employment share by occupation group



WHERE WERE THE JOBS?

- The **Midwest** and **South**
- **Non-metropolitan** areas

Share of earnings from manufacturing

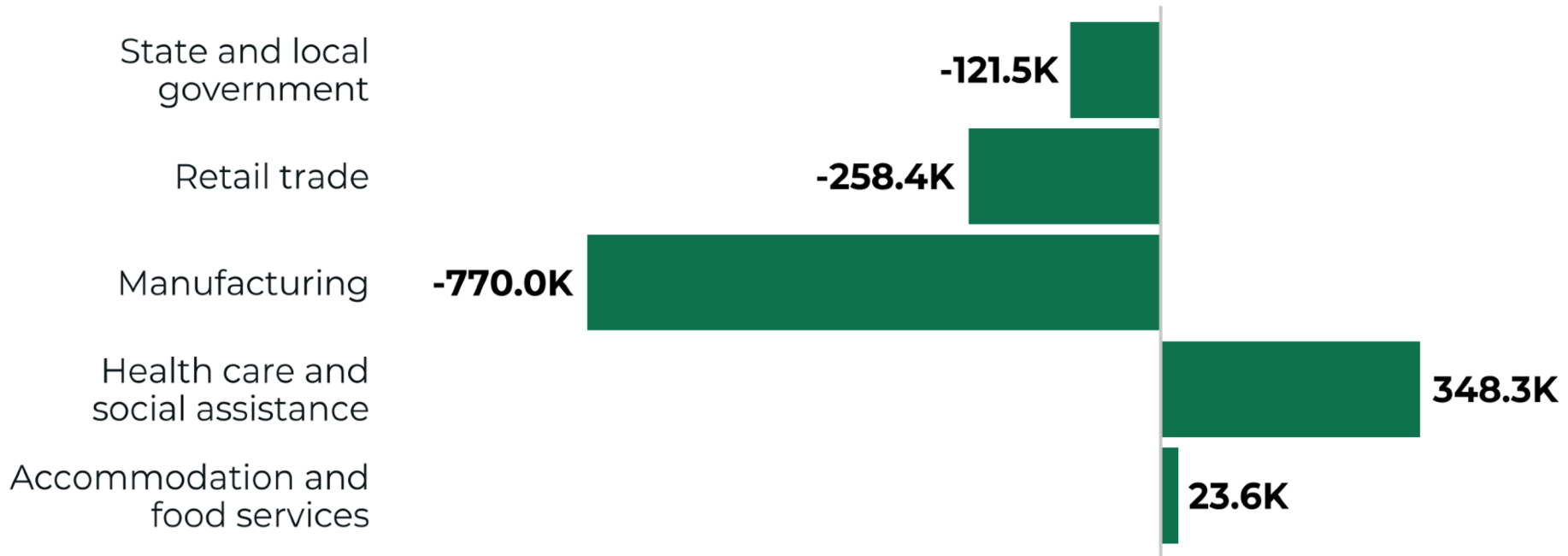


Source: Bond, 2013 using 2010 BEA earnings

RURAL JOB LOSS

Employment change in top rural industries

Comparison of 2001 and 2020 employment



Source: Bureau of Economic Analysis. Rural includes all counties classified as nonmetropolitan by the Office of Management and Budget.

HOW DID THIS HAPPEN?



Automation



Globalization



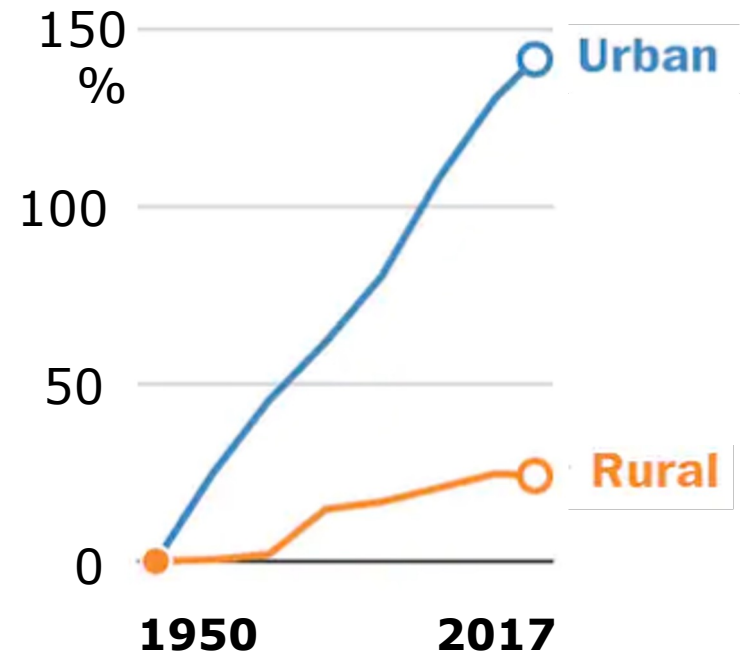
Decline in
entrepreneurship

MANY RURAL COMMUNITIES ARE STRUGGLING

Overreliance on **traditional export-based** industries has led to lower growth in rural areas

(Goetz, et al. 2018; Kilkenny and Partridge, 2009; Weiler, 2001)

Change in population (1950-2018)



Source: Washington Post, and Goetz, Partridge, and Stephens (2018)

CAN TRADITIONAL ECONOMIC DEVELOPMENT INCENTIVES SAVE US?

Struggling communities are more likely to offer traditional economic development incentives to attract large plants

(Betz et al., 2012)



CAN TRADITIONAL ECONOMIC DEVELOPMENT INCENTIVES SAVE US?

Rural areas are **increasingly at a disadvantage** in attracting large firms.

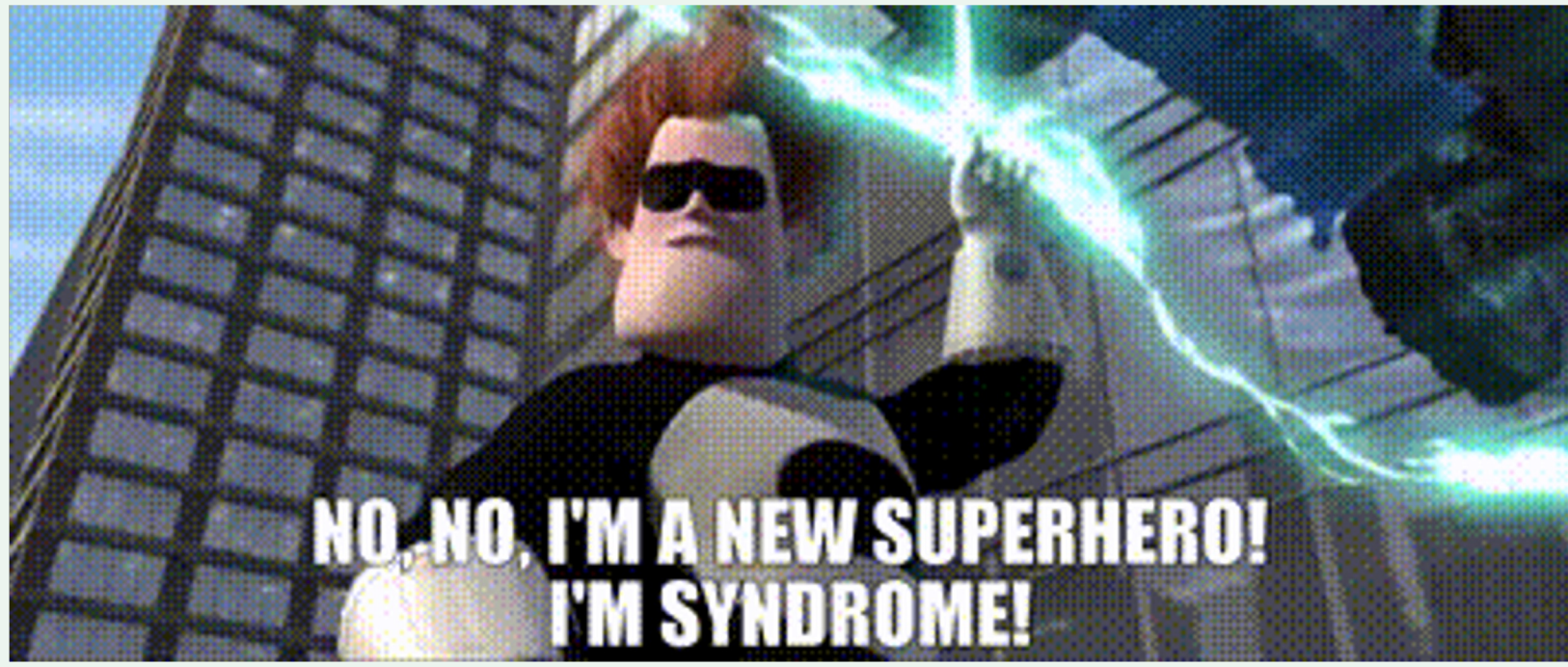
(Partridge and Olfert, 2011)



CAN TRADITIONAL ECONOMIC DEVELOPMENT INCENTIVES SAVE US?



NO



IT'S A VICIOUS CIRCLE

1. Struggling communities offer incentives



2. Incentivized firms **fail** to create more jobs than similar firms without incentives (Donegan et al., 2019)

3. Incentives **crowd out** economic activity; lower business startups (Partridge et al., 2020)

4. Promoting traditional export activity at the expense of residential services will **backfire** (Kilkenny & Partridge, 2009)

WHAT IF WE MAKE THE INCENTIVES BIGGER?



**STILL
NO**

TRADITIONAL ECONOMIC DEVELOPMENT INCENTIVES IN OHIO

- 5th lowest corporate income tax revenue per capita
- 45th in population growth (2023)
- 47th in job growth (2023)

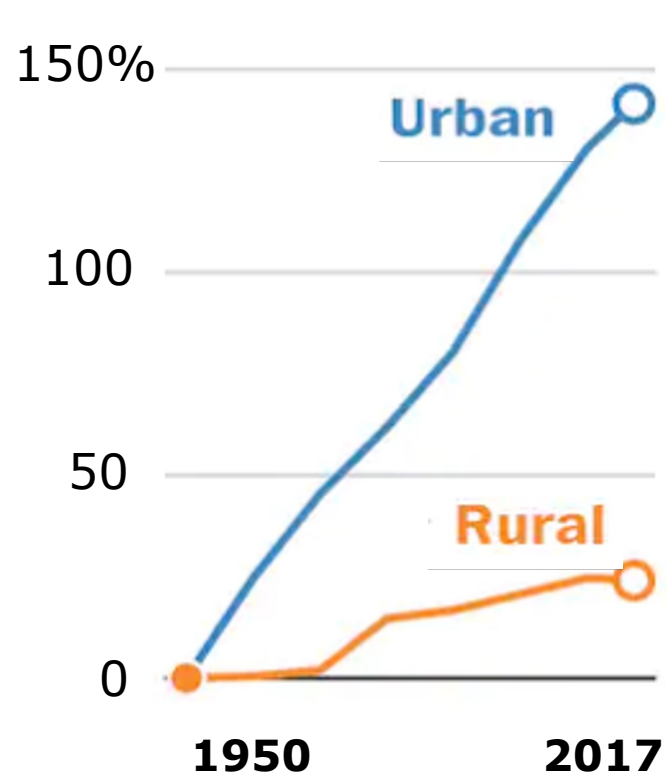


MANY RURAL COMMUNITIES ARE STRUGGLING

Increasing the ability of governments to aid private enterprise has an **especially negative effect** on rural county employment

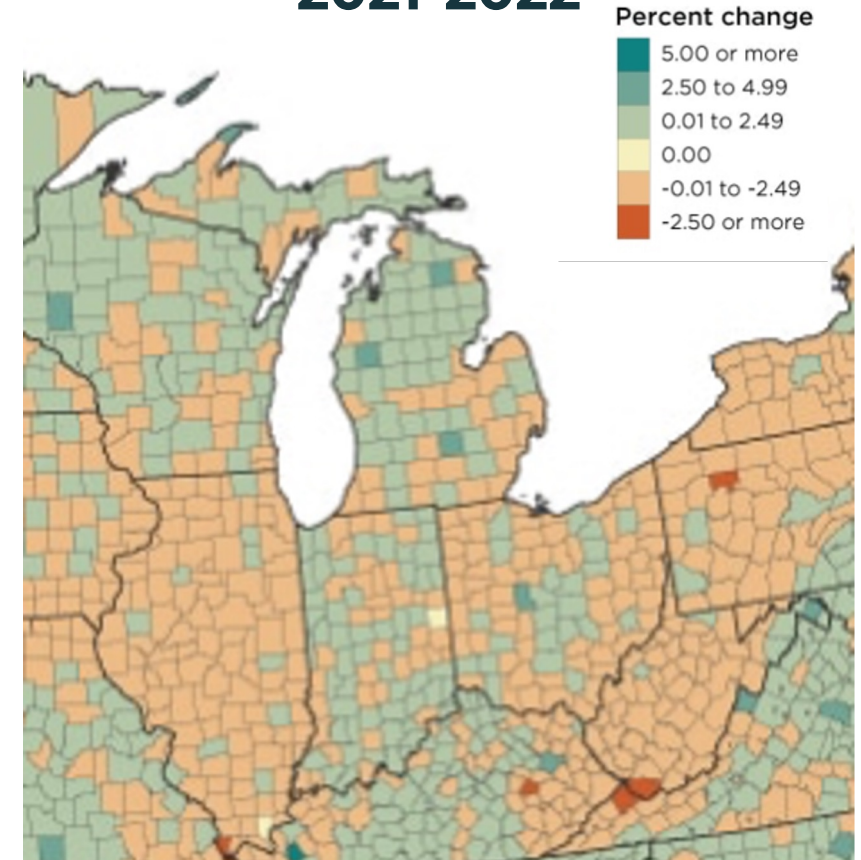
(Patrick., 2014)

Population change, 1950-2018



Source: Washington Post

Population change, 2021-2022



Source: U.S. Census Bureau

BUT MANY RURAL COMMUNITIES ARE PROSPERING

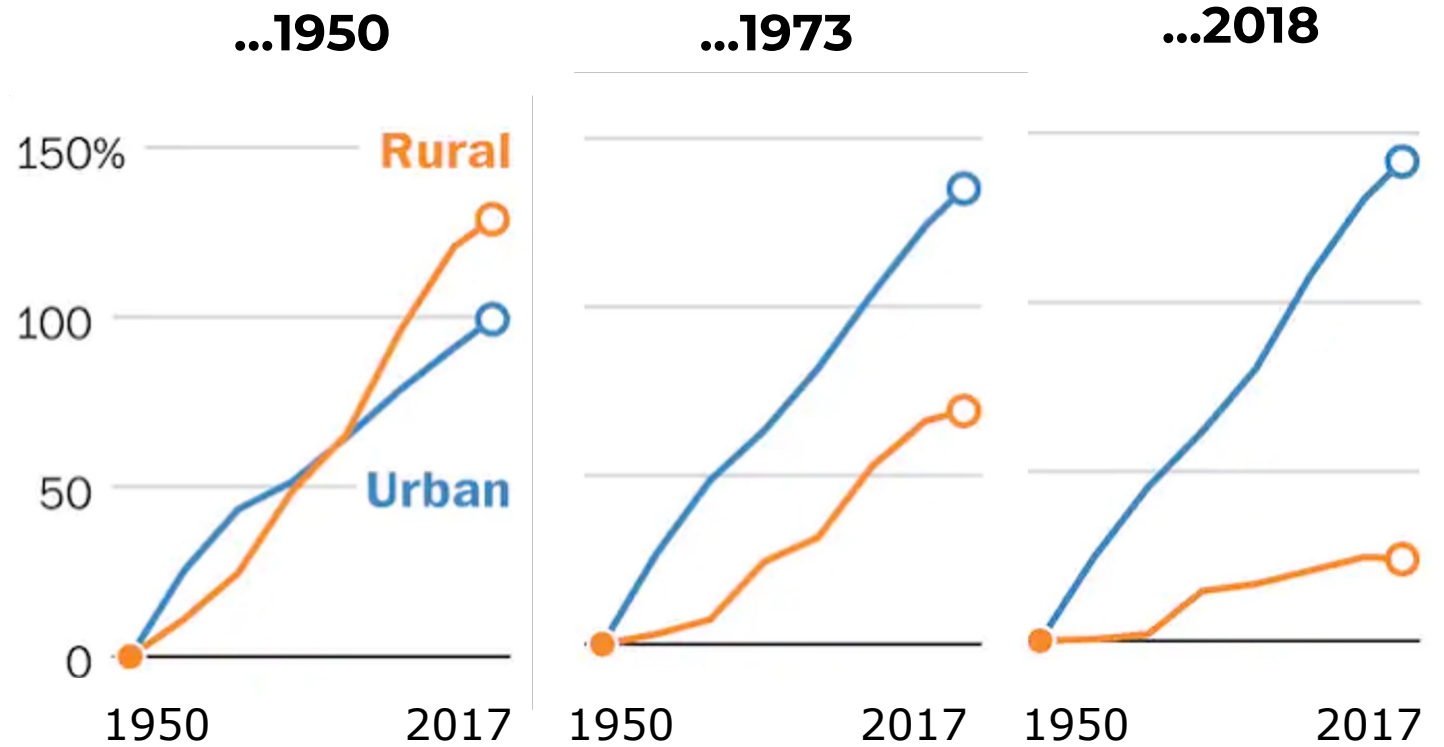
Metro-adjacent and **high-amenity** rural communities tend to fare better

(Goetz et al., 2018)

Change in population since 1950

The areas defined as metropolitan in 1950 have since grown more slowly than the rural remainder of the country.

According to definitions from...



Source: Washington Post, and Goetz, Partridge, and Stephens (2018)

THE BALL CORPORATION

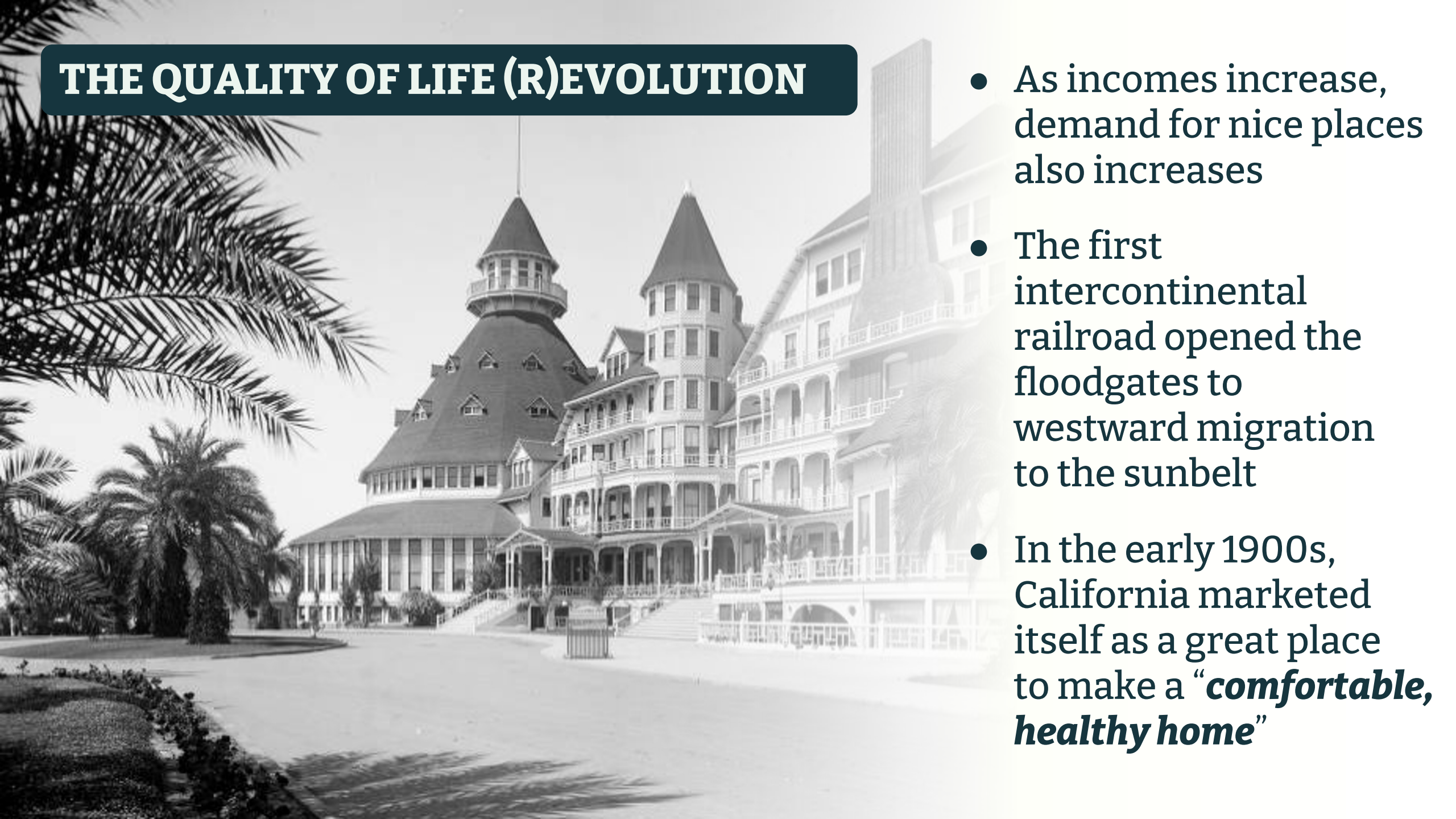
“There was **nothing** about **the town** that **particularly** **appealed to me**, but the men were all courteous, kind, and businesslike”

— *Frank Clayton Ball, 1887*



THE QUALITY OF LIFE (R)EVOLUTION

- As incomes increase, demand for nice places also increases
- The first intercontinental railroad opened the floodgates to westward migration to the sunbelt
- In the early 1900s, California marketed itself as a great place to make a “**comfortable, healthy home**”



THE IMPORTANCE OF QUALITY OF LIFE

“The success of cities hinges more and more on cities’ role as centers of consumption”

(Glaeser, Kolko, Saiz, 2001)



THE QUALITY OF LIFE (R)EVOLUTION

“Mayors are shifting their focus from attracting firms to attracting residents by improving quality of life”

— *The Economist*, September 2021



ESTIMATING QUALITY OF LIFE IN SMALL TOWNS

Markets can reveal preferences for locations and for amenities

Households are willing to pay higher housing prices and even forego higher wages to live in areas with higher **quality of life**



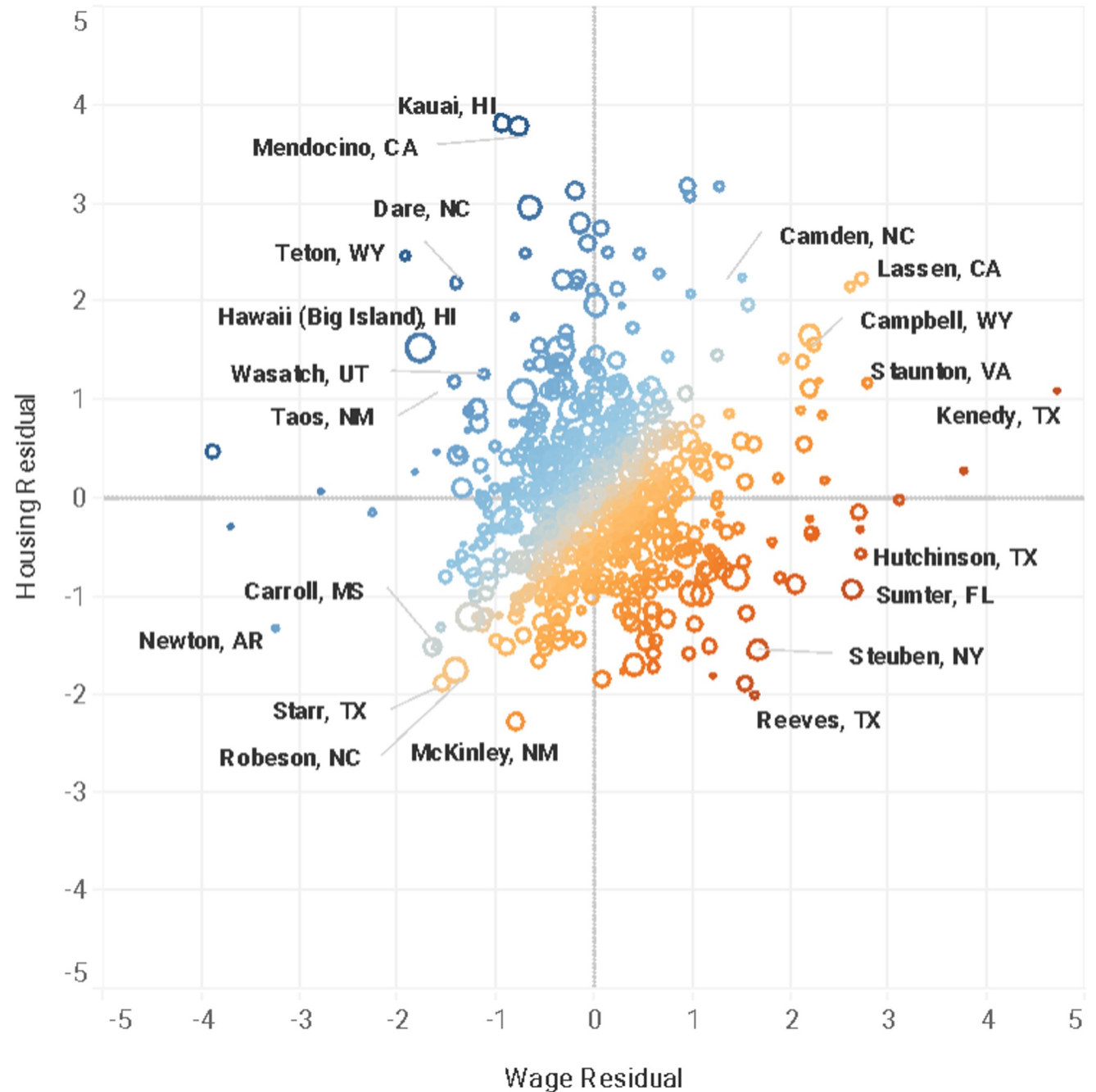


TRAVERSE CITY, MICHIGAN

“Half the pay for a view of the bay”

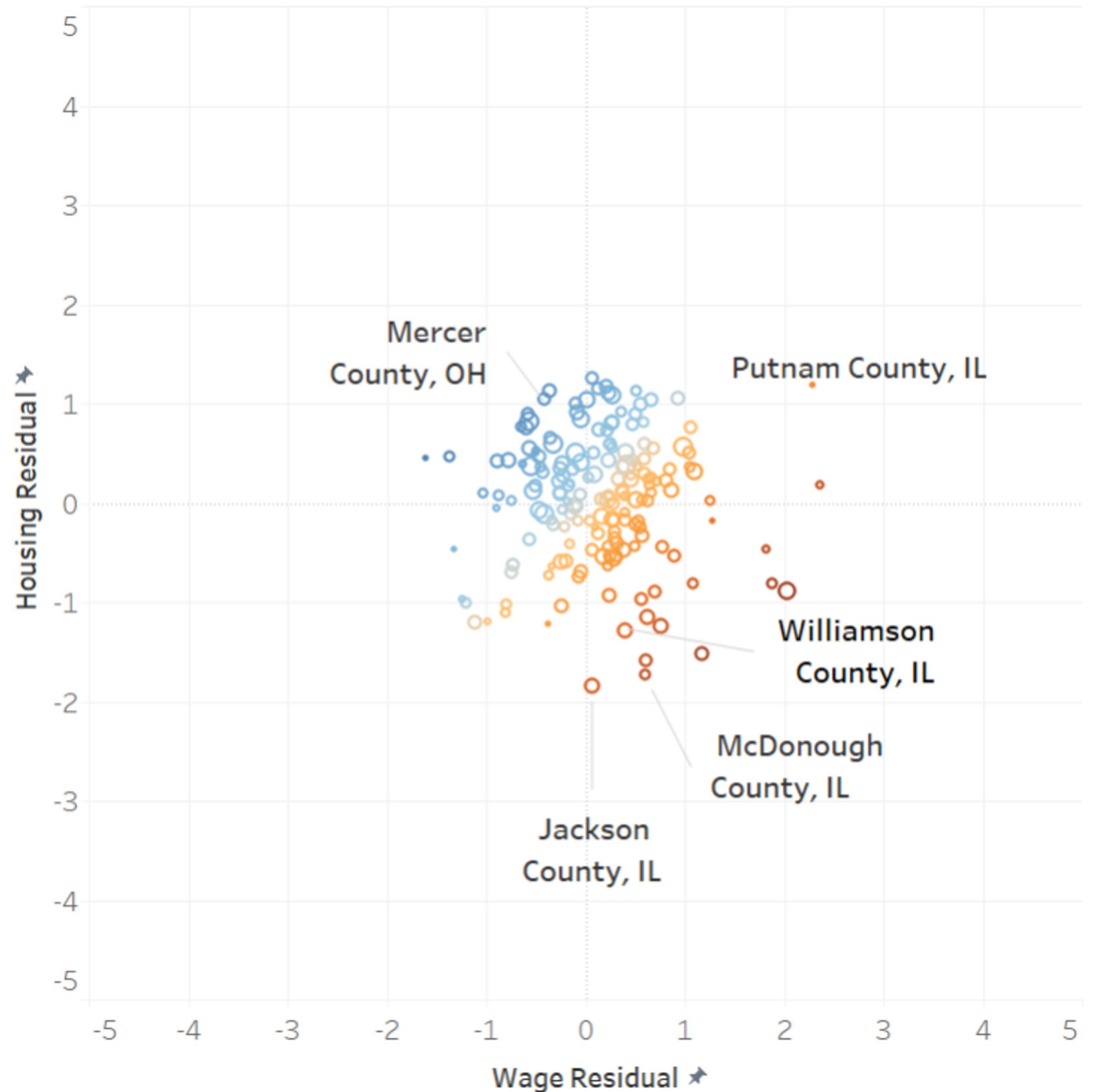
THE LOCATION PREMIUM

From great places to live to great places to work to both to ...
...neither

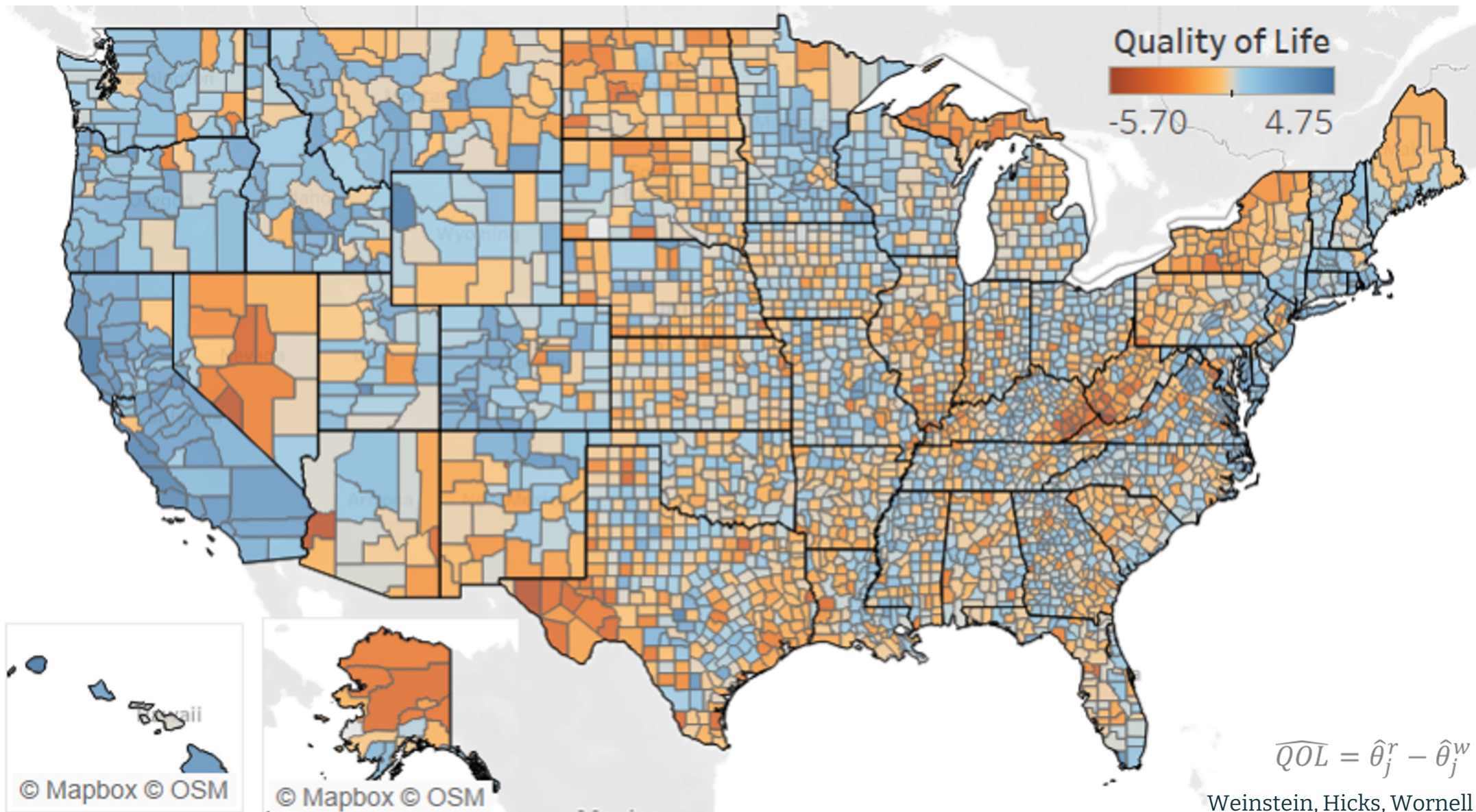


THE MIDWEST PREMIUM

More focus on the quality of the business environment than quality of life



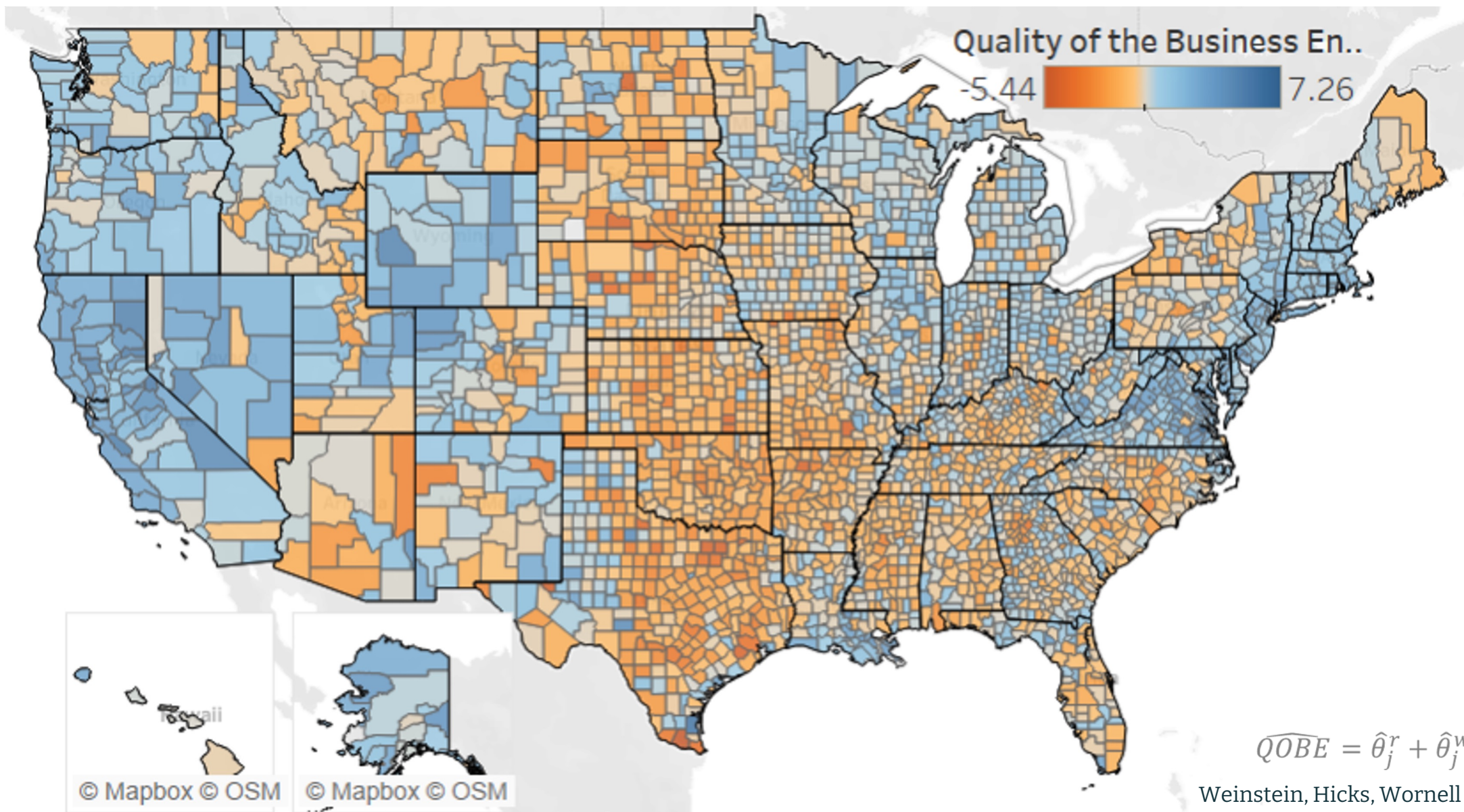
QUALITY OF LIFE



$$\overline{QOL} = \hat{\theta}_j^r - \hat{\theta}_j^w$$

Weinstein, Hicks, Wornell (2022)

QUALITY OF BUSINESS ENVIRONMENT





**Answering the
chicken or the
egg problem:**

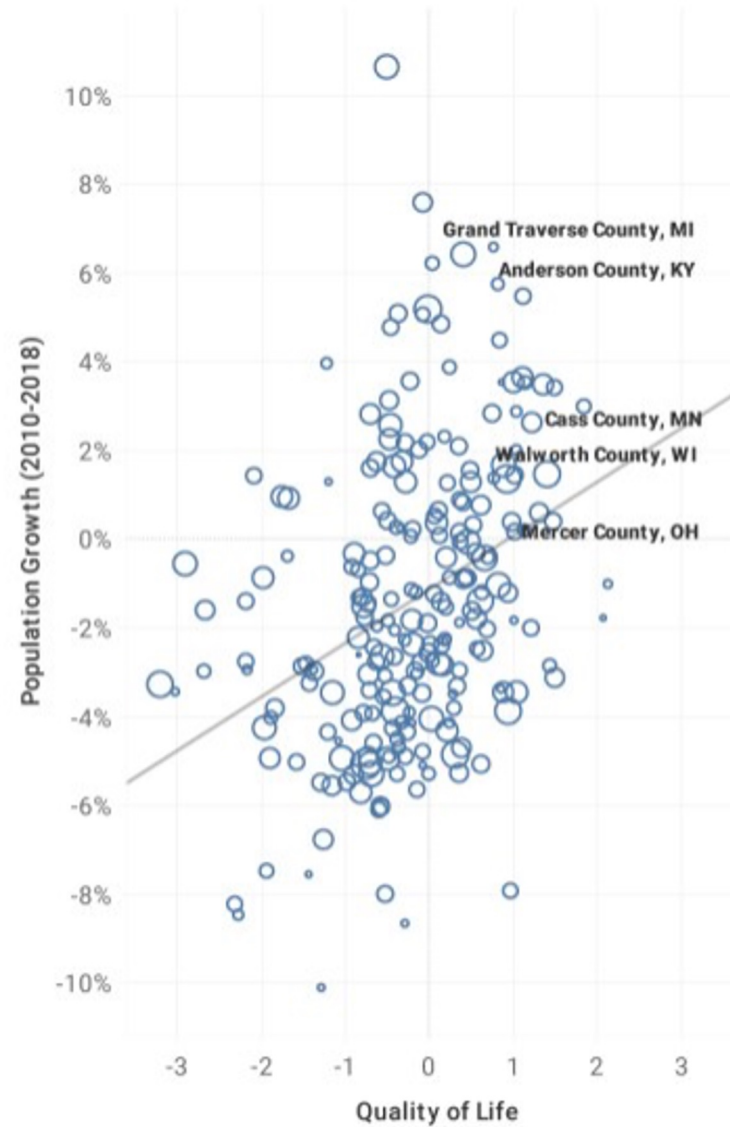
**Do people follow jobs
or do jobs follow
people?**

QUALITY OF LIFE

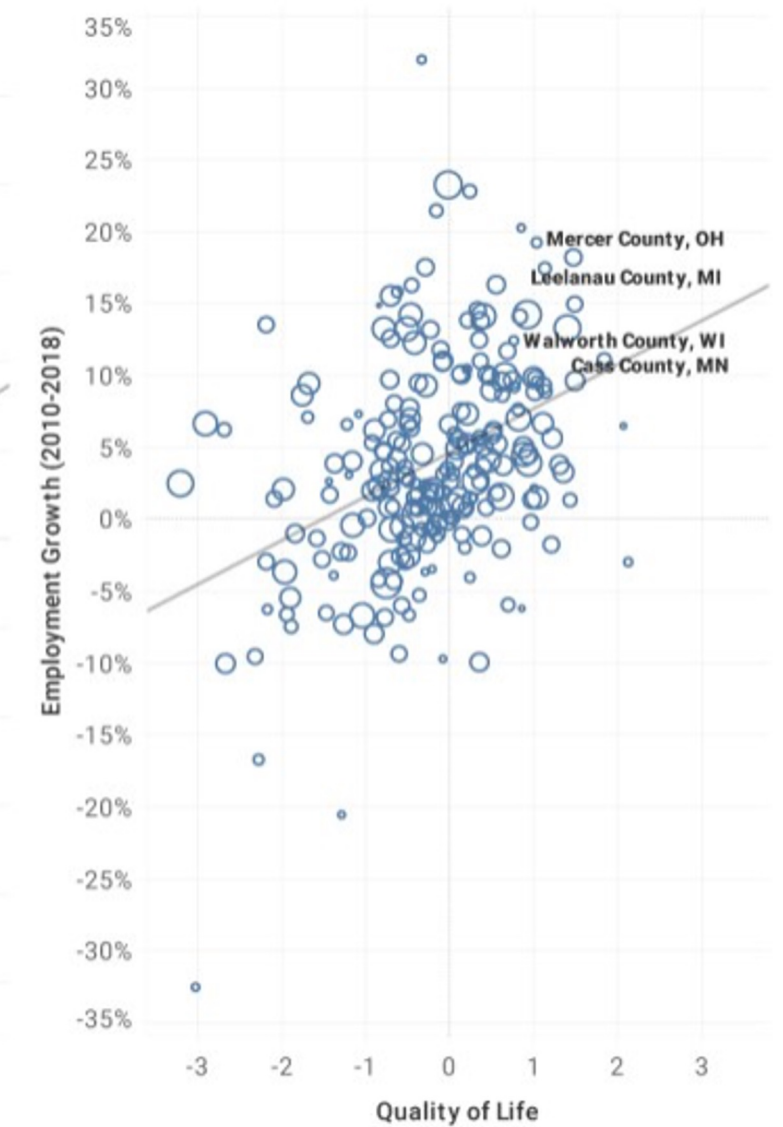
Matters more for
population growth
and **job growth**

Especially true for
small towns
(micropolitan areas)
and for the **Midwest**

Population



Employment



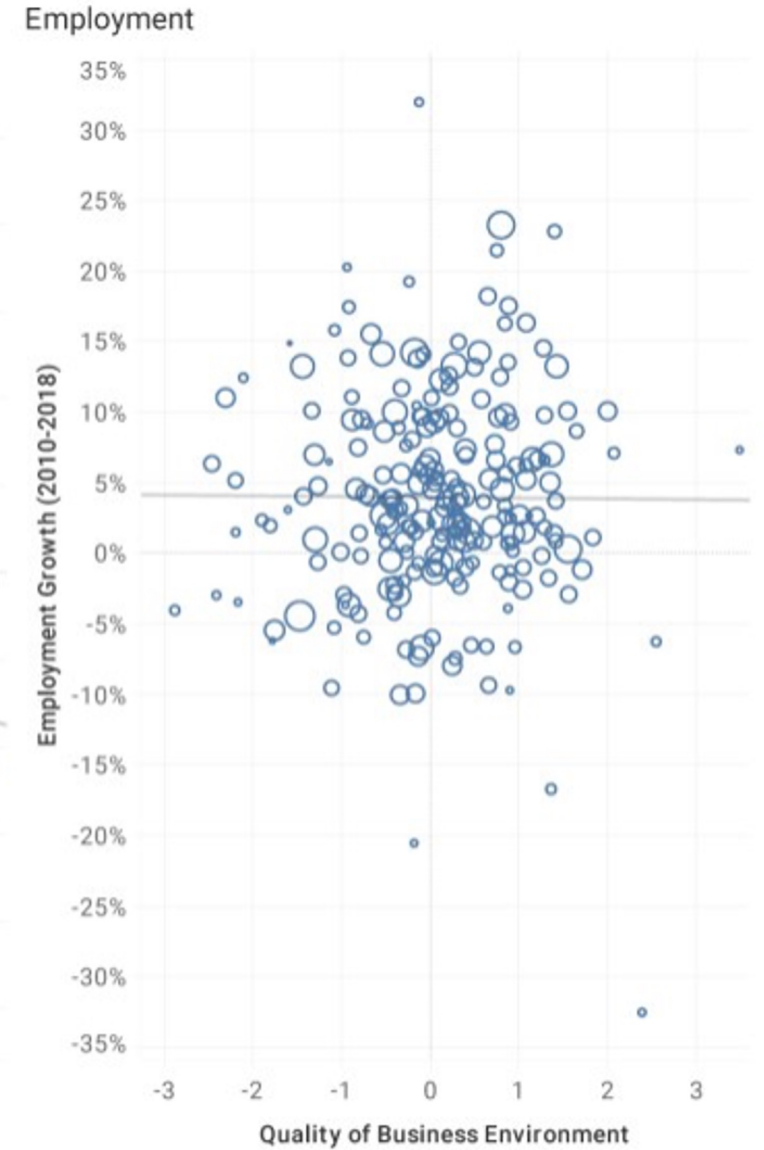
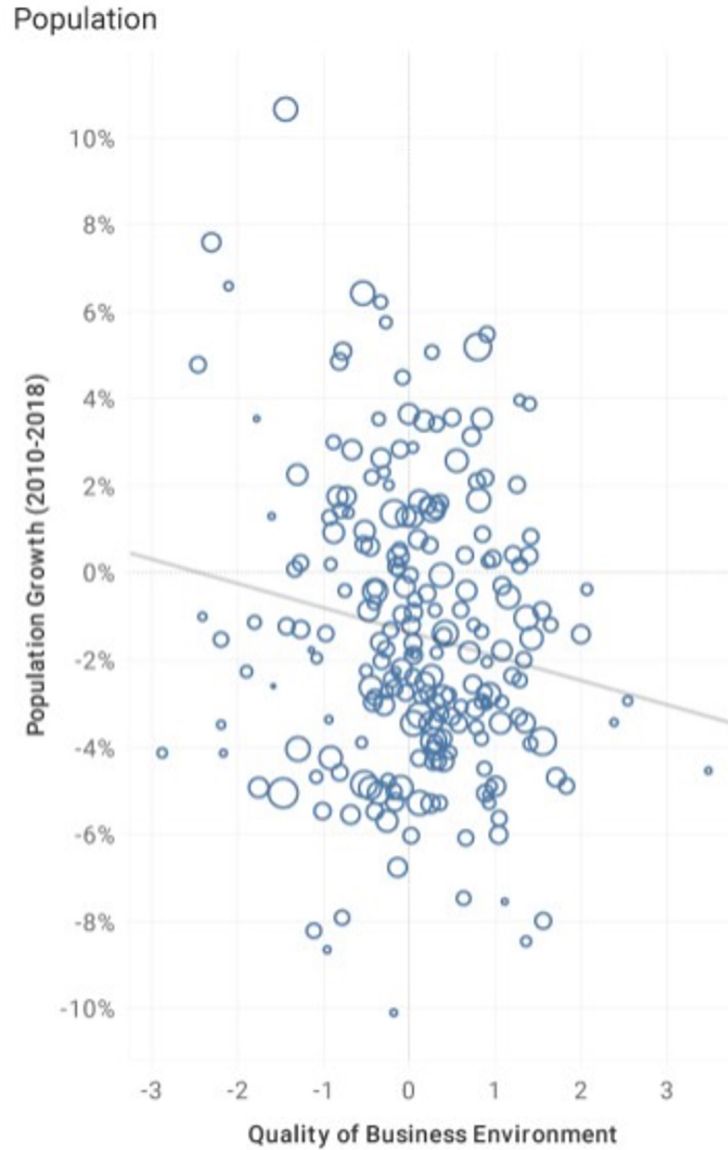
Source: Authors' calculations using Census Bureau data

B | Brookings Metro

Source: Austin, Weinstein, Hicks, Wornell (2022)

QUALITY OF BUSINESS ENVIRONMENT

Matters less for
population and job
growth



Source: Authors' calculations using Census Bureau data

IN THE WAKE OF THE PANDEMIC ...

The rise of **remote work** (growing even before the pandemic), increased the importance of quality of life (**6x larger effect**)

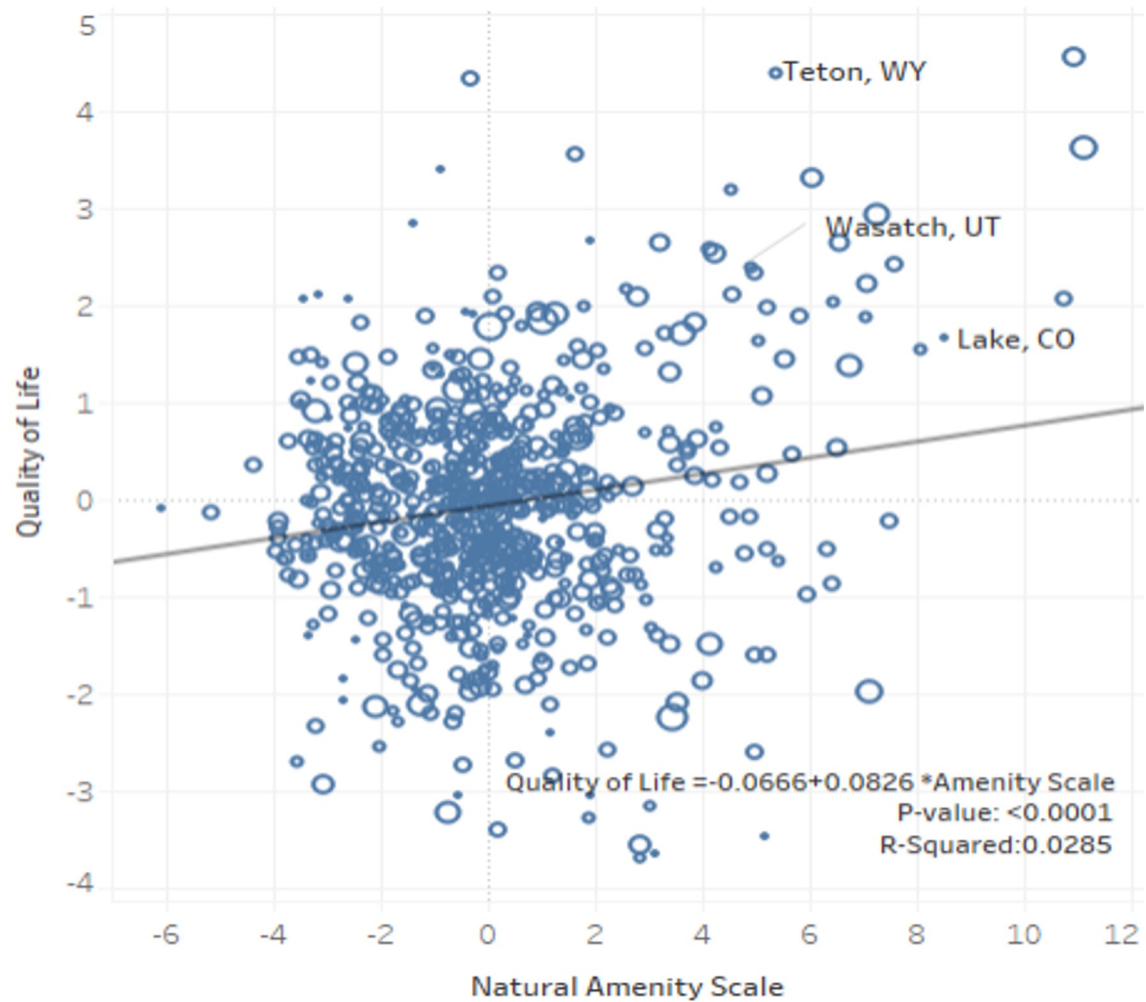


SO, WHAT MAKES A PLACE NICE?



NATURAL AMENITIES → HIGHER QUALITY OF LIFE

Small towns



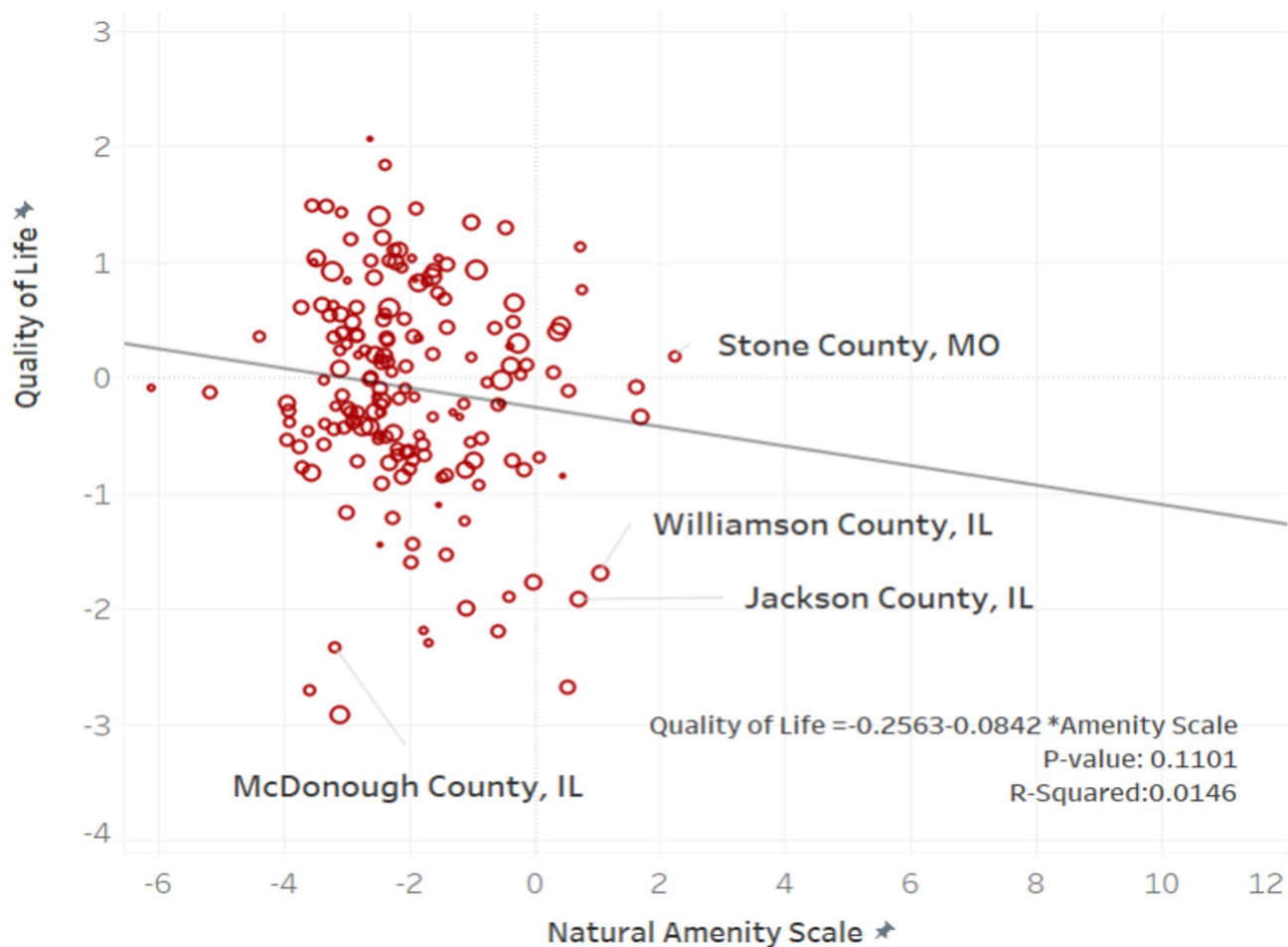
USDA Natural Amenity Index



Teton County, Wyoming

NATURAL AMENITIES → HIGHER LOWER QUALITY OF LIFE

Small towns in the Midwest



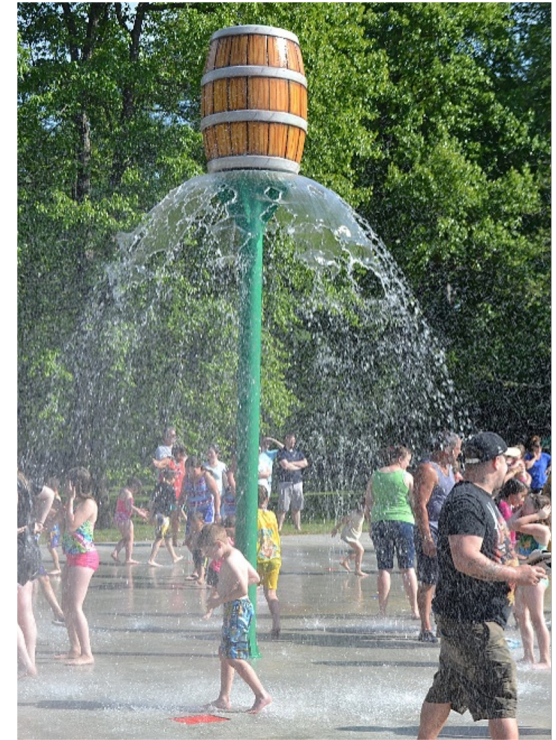
USDA Natural Amenity Index



Marion, Illinois
(Williamson County)

SO, WHAT MAKES A PLACE NICE?

- Recreation
- Arts and culture
- Better health
- Food stores
- Personal care places
- Proximity to a metro
- Low crime rates
- Good schools
- Work from home (broadband)



THE PLACE FOR BUSINESS IN QUALITY OF LIFE

This is where businesses can have an outsized impact on the economy — by improving quality-of-life-providing goods and services that residents **need** and **want**!



Café O'Play



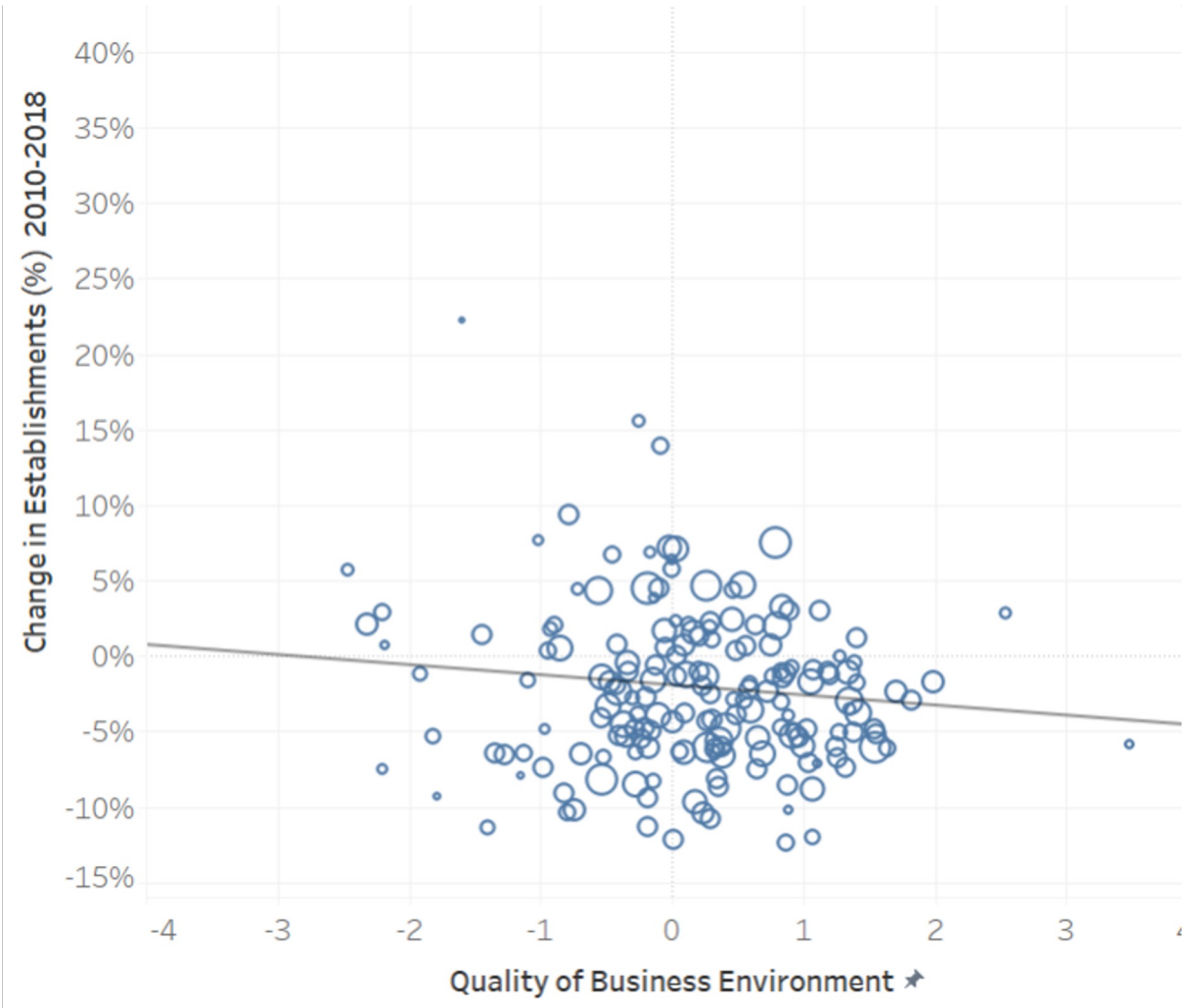
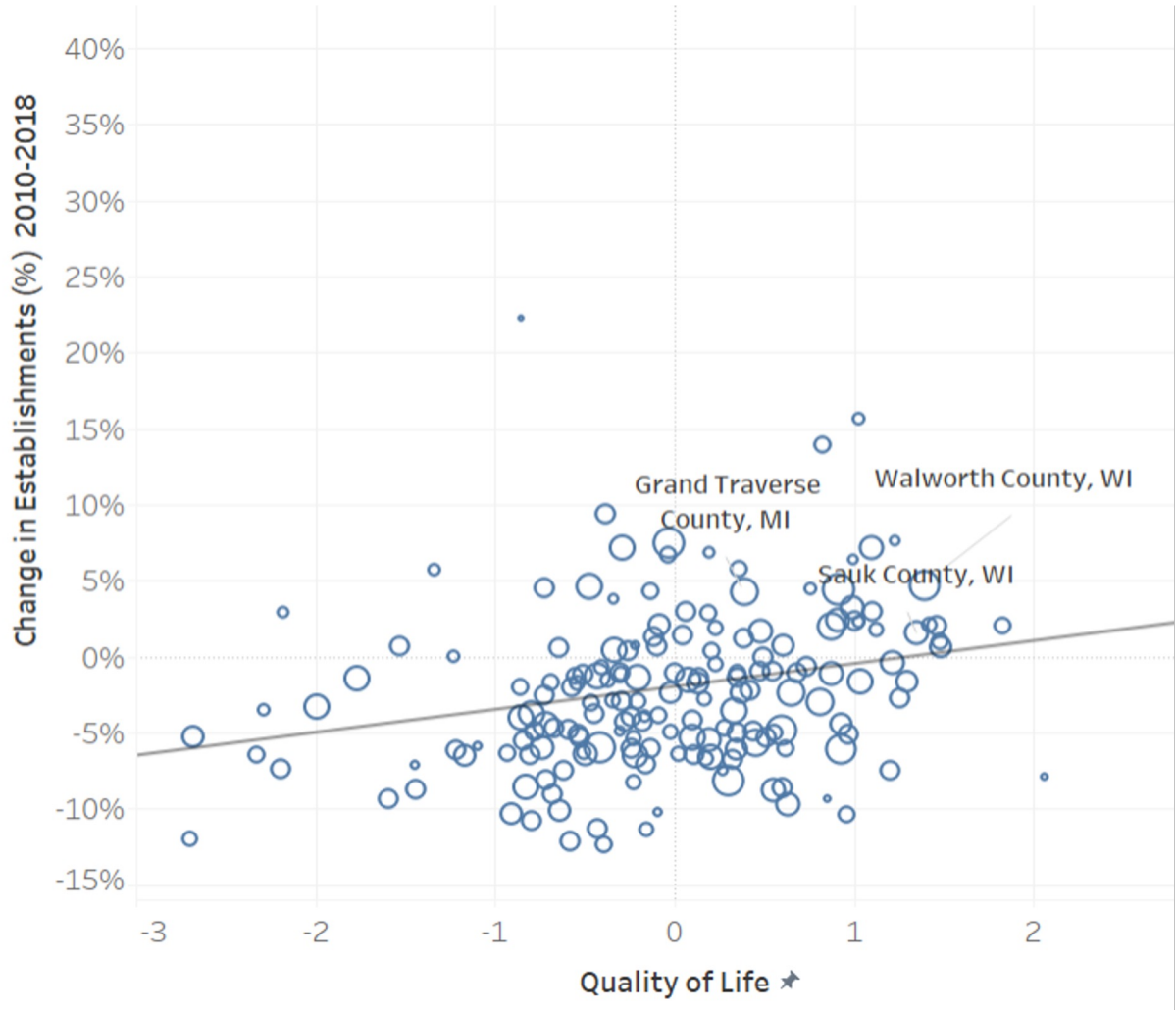
Farmer's Rail



Something in the air

The Akron Sound | EarthQuaker Devices

QUALITY OF LIFE → BUSINESS STARTUPS



(NOT QUALITY OF THE BUSINESS ENVIRONMENT)

SURVEY OF ENTREPRENEURS



Question:

What attracts innovative entrepreneurs to a location?

Answer:

Talented workers, and the quality of life that these workers like (Endeavor, 2014)

IT'S A ~~VICIOUS~~ VIRTUOUS CIRCLE

Growth of startups in tradable services increases → local wealth creation, reinvestment

Higher quality of life increases business startups

Highly skilled workers are more likely to start businesses in high-amenity places

(Conroy and Watson, 2023)



Small locally owned firms have a larger impact on economic growth

(Fleming and Goetz, 2011)

Small businesses increase quality of life by providing the local goods and services we need and want

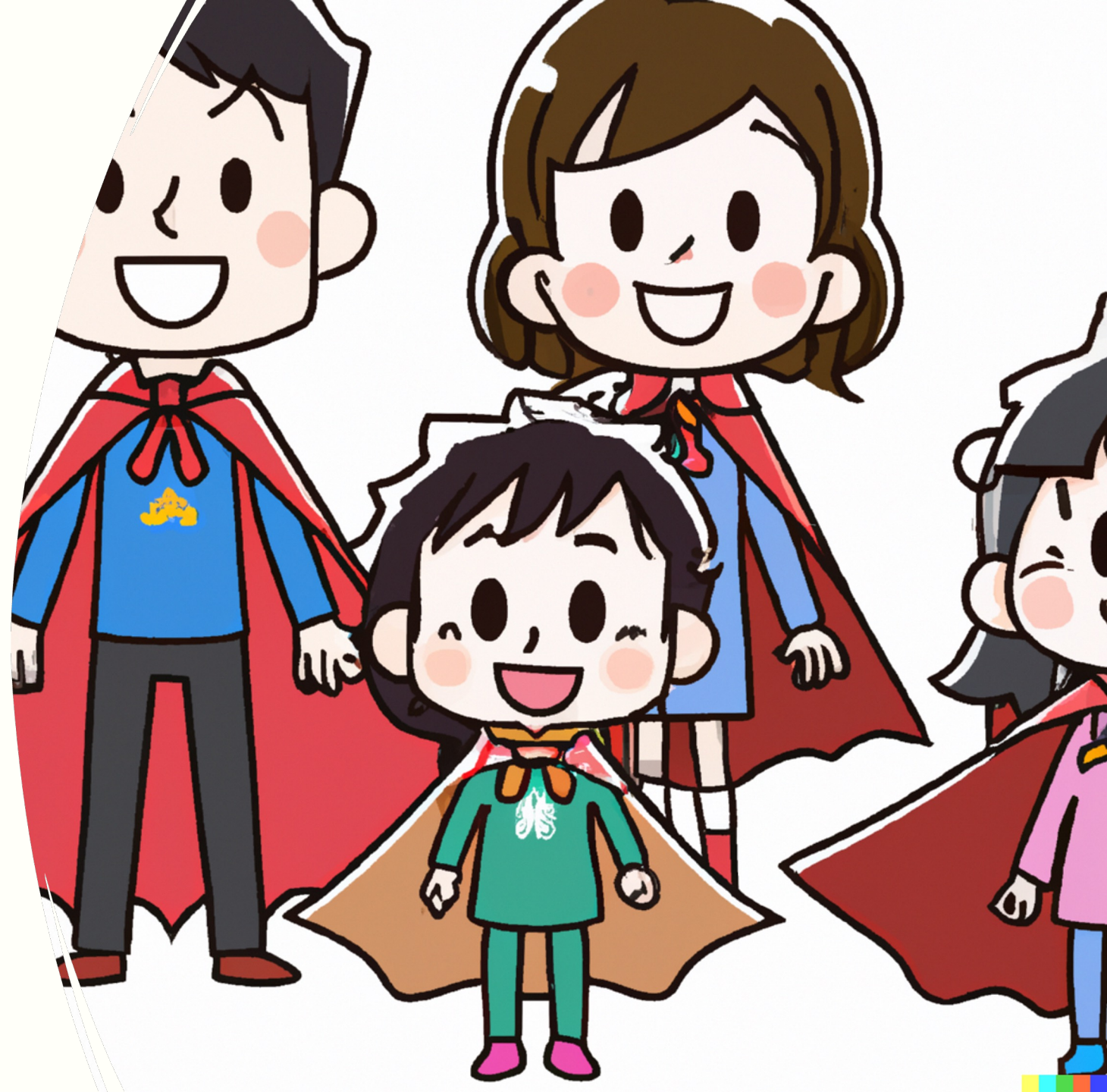
(Weinstein, Hicks, Wornell, 2022)

High quality of life places attract more people

(Weinstein, Hicks, Wornell, 2022)

WE ARE THE SUPERHEROES

We must foster an entrepreneurial culture of seeking out creative ways to leverage local resources to meet the **needs** and **wants** of our community (and other communities)



WHAT CAN SCALABLE TECH ENTREPRENEURSHIP BE IN RURAL?



SHYFTAUTO

Wilson, North Carolina

BUILDING A TECH ECONOMY ECOSYSTEM

- Foundational Elements**
- Housing
 - Public Health and Safety
 - Public-sector leadership and support
 - Post Secondary Education Partnerships
 - Culture and entertainment options
 - Private and Nonprofit Sector Engagement
 - Quality PreK-12 education and accessible childcare
 - Attractive "live-work" downtown

Necessary Infrastructure

- Broadband Infrastructure
- Local Leadership Capacity
- Coworking and Entrepreneurship Spaces

Direct Drivers


- Scalable Tech Entrepreneurship Support and Incubation
- Access to Capital
- Access to Digital Jobs
- Digital Workforce Development and Support

Inclusive Tech Culture Building

OUTCOMES

- Quality digital employment
- Local wealth creation by startups

QUALITY OF LIFE



Six recommendations for rural leaders to consider when creating economic and workforce development strategies and programs:

- 1. Invest in quality of life.**
2. Create spaces, places, and programs where remote workers can meet and network.
3. Build the broadband infrastructure of the future, and make sure people know where it is.
4. When attracting remote workers, target workers that already have connections to your community.
5. When attracting remote workers, incorporate housing into your economic development strategy.
6. When working to increase remote employment for local workers, focus workforce development efforts on skills aligned with remote work professions.

AT THE CENTER ON RURAL INNOVATION



We believe that **small towns are home to big ideas** — and new models of economic development can empower rural communities across the U.S. to participate in and benefit from **the nation's growing tech economy**.



Thank you

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