



Rust Belt Rebound?



ECONOMIC DEVELOPMENT MARKETING

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Yet, Ohio's job growth since the pandemic ranks *45th*





ECONOMIC DEVELOPMENT MARKETING

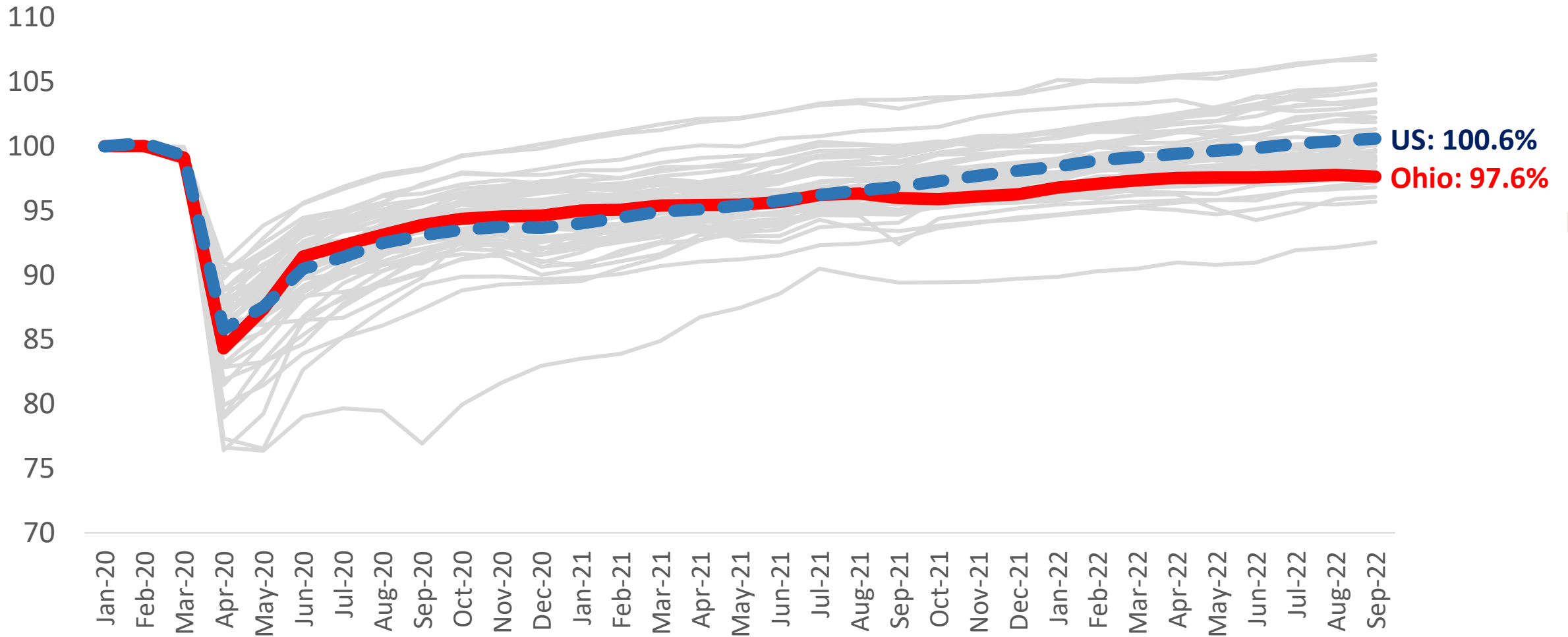
Ohio ranks *5th lowest* in corporate income tax revenue per capita

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Ohio lost the most jobs in the nation in September

PANDEMIC JOB RECOVERY

Employment Relative to January 2020

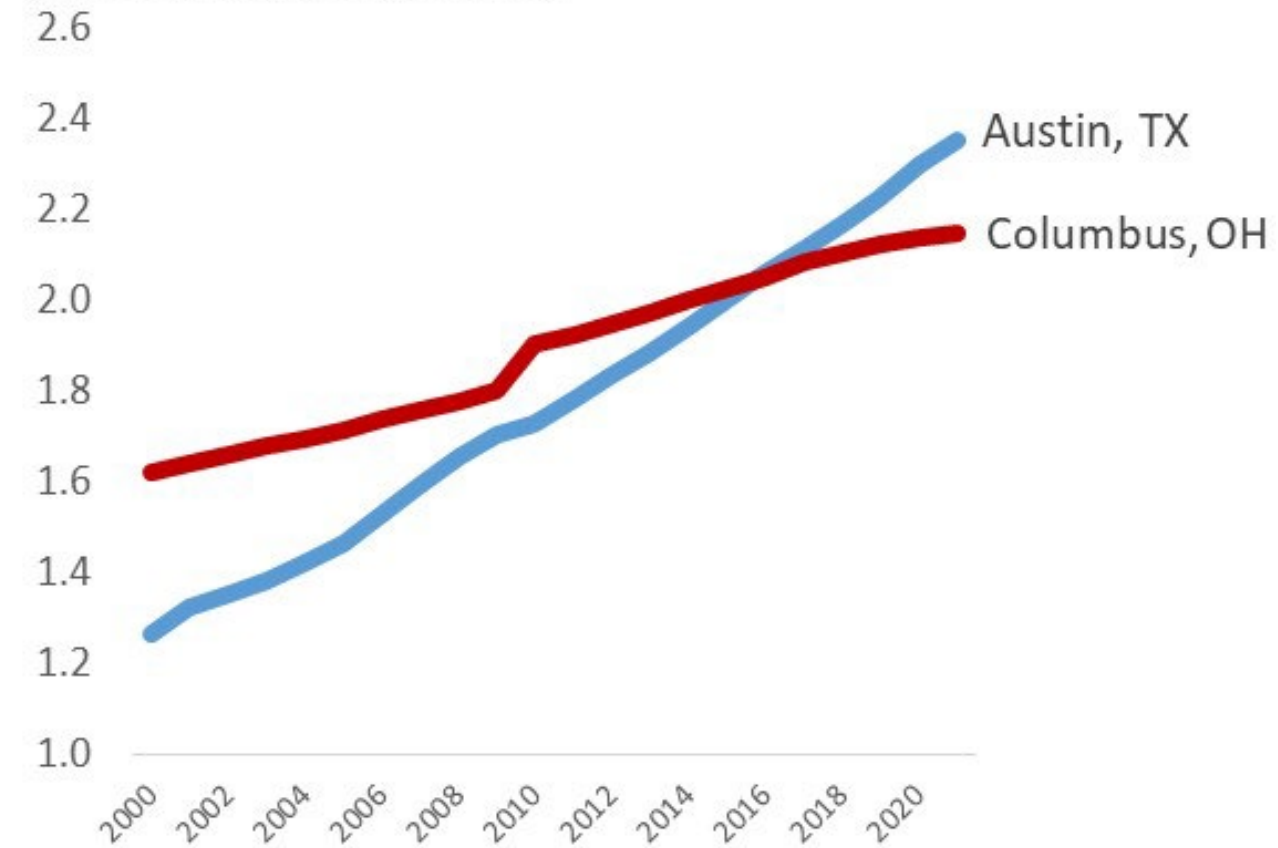


Source: US BLS

MORE ECONOMIC DEVELOPMENT MARKETING



MSA Population (Millions)



Source: St. Louis FRED

IT'S NOT MARKETING, IT'S A SIGNAL



ECONOMIC DEVELOPMENT INCENTIVES

Economic incentives are increasingly used by policy makers to spur growth
(Bartik, 2017)



PULLING BACK THE CURTAIN OF PICKING WINNERS



“Oz had not kept the promise he made her, but he had done his best. So she forgave him. As he said, he was a good man, even if he was a bad Wizard.”

The Wonderful Wizard of Oz

ECONOMIC DEVELOPMENT INCENTIVES

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Negative effects may result from lowering public services (Bartik, 2020)



NOW WHAT?



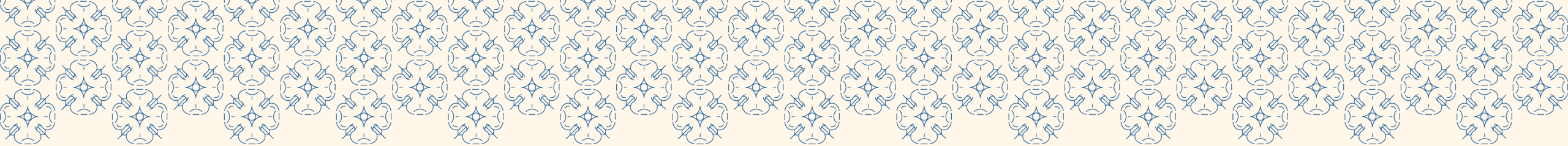
*“People would rather live in homes regardless of its grayness. **There’s no place like home.**”*

The Wonderful Wizard of Oz

THE QUALITY OF LIFE (R)EVOLUTION

- As incomes have increased, demand for nice places to live also increased
- The 1st 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**”





“

It is not **Necessity** that causeth consumption. Nature may be satisfied with little; but it is the **wants** of the Mind, Fashion, and the desire of Novelties and things scarce that causeth Trade”

Economist Nicholas Barbon, 1690



THE IMPORTANCE OF QUALITY OF LIFE

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

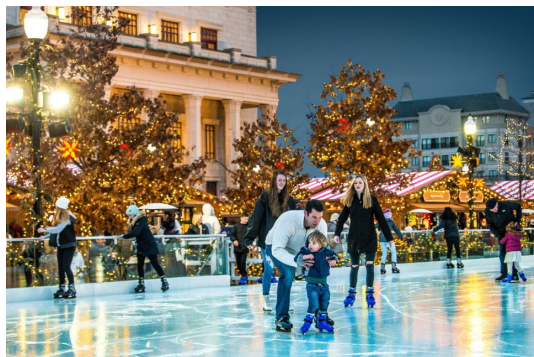
(Glaeser, Kolko, Saiz, 2001)



QUALITY OF LIFE

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

The Economist, 9/9/21



BUT WHAT DO PEOPLE WANT? WE COULD ASK ...



REVEALED PREFERENCES

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

(Rosen, 1979; Roback, 1982; Albouy, 2011)

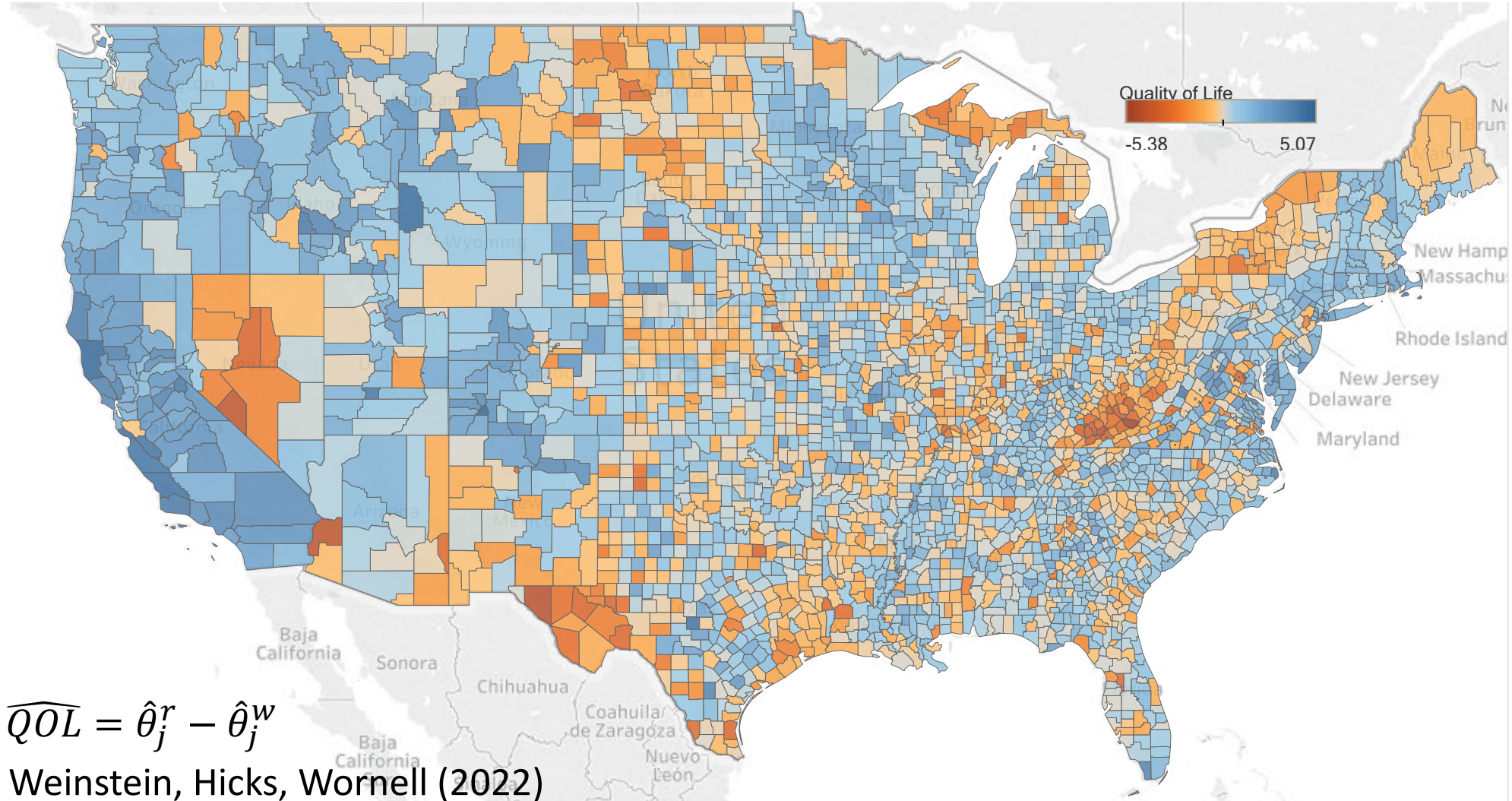
Use markets to estimate quality of life in every county and metropolitan area*

*not just big cities

Put your money where your mouth is



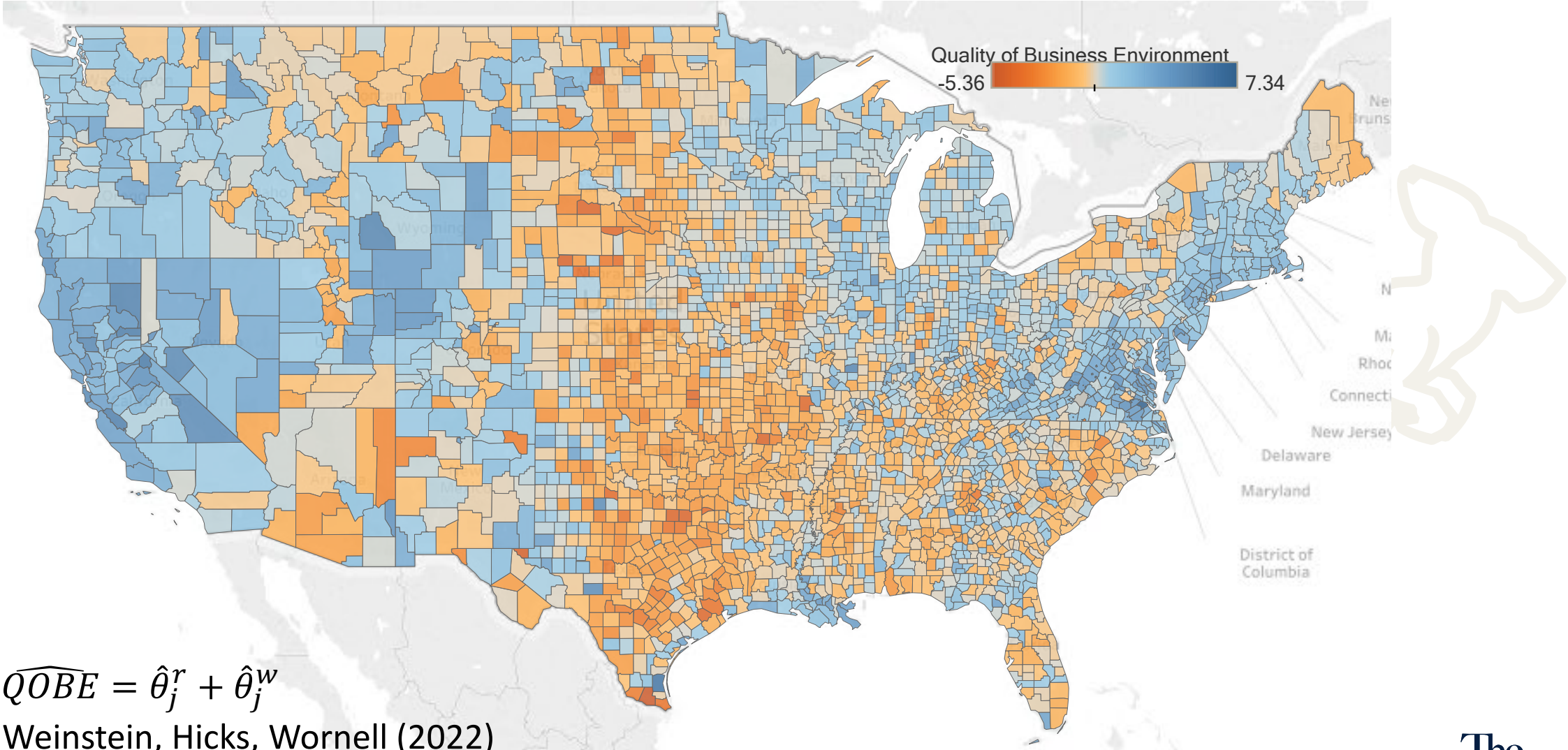
QUALITY OF LIFE



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

Weinstein, Hicks, Wornell (2022)

QUALITY OF BUSINESS ENVIRONMENT



$$\widehat{QOBE} = \hat{\theta}_j^r + \hat{\theta}_j^w$$

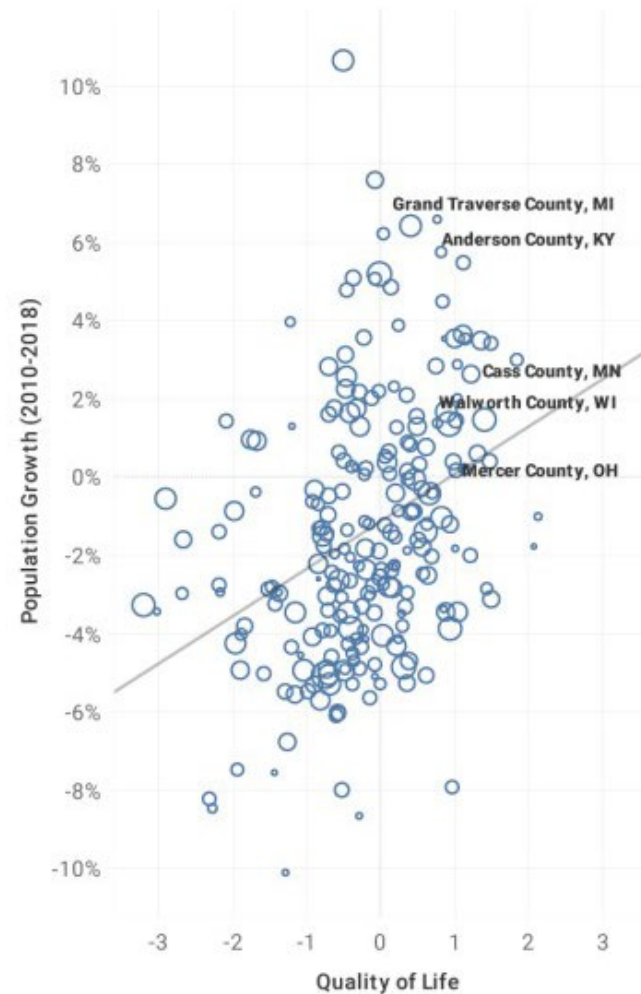
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QUALITY OF LIFE

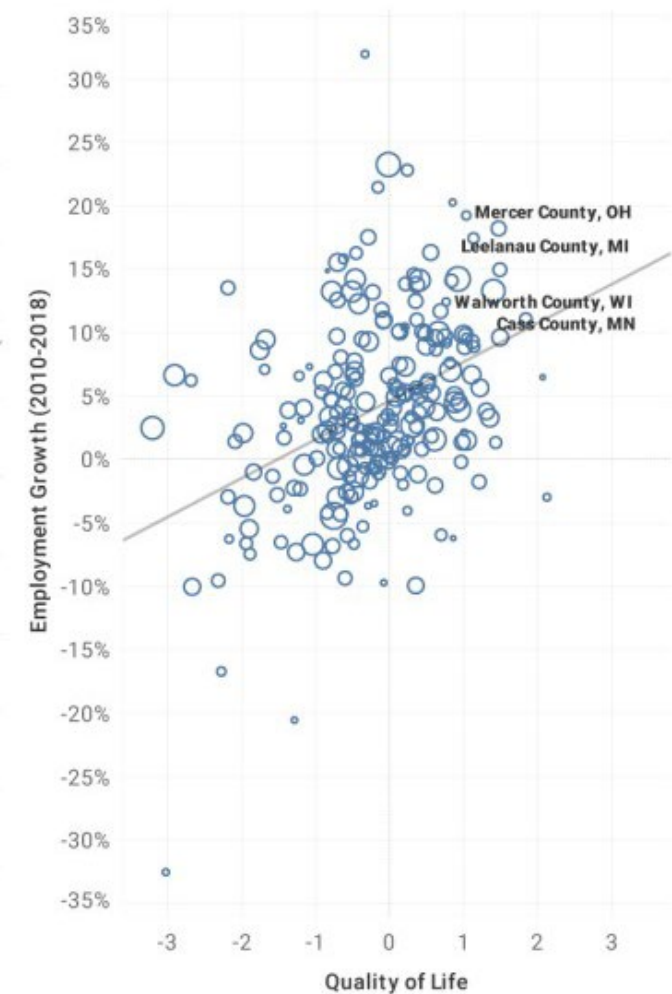
Matters for population and employment growth

Especially true for small towns in the Midwest

Population



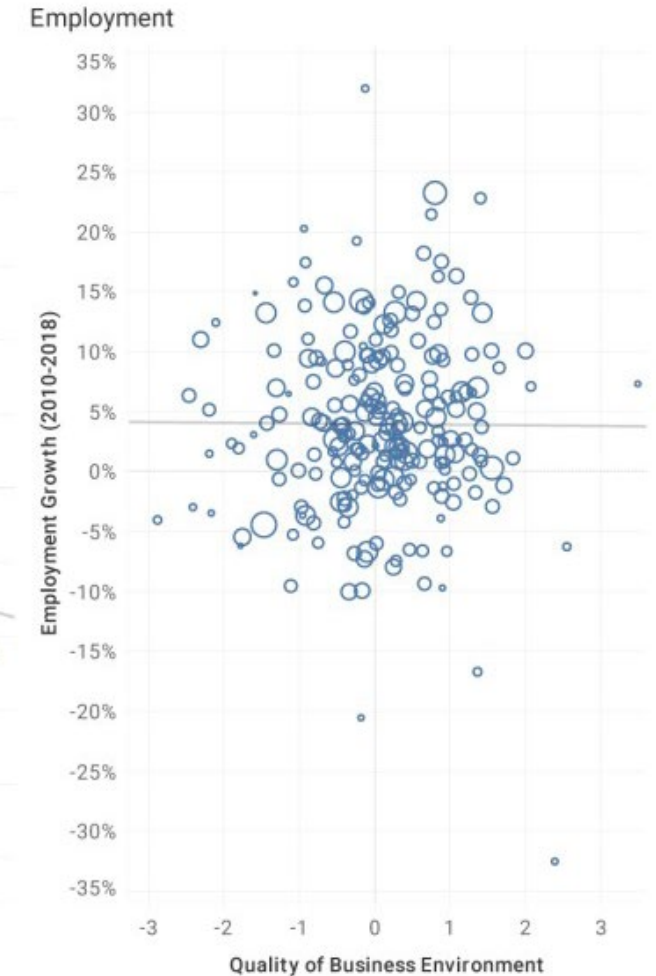
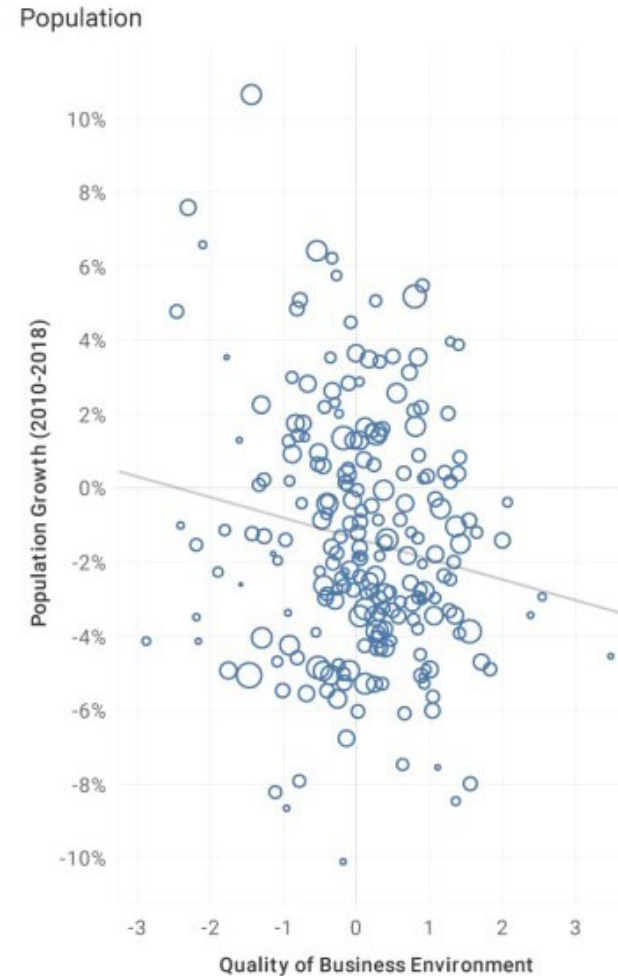
Employment



Source: Authors' calculations using Census Bureau data

QUALITY OF BUSINESS ENVIRONMENT

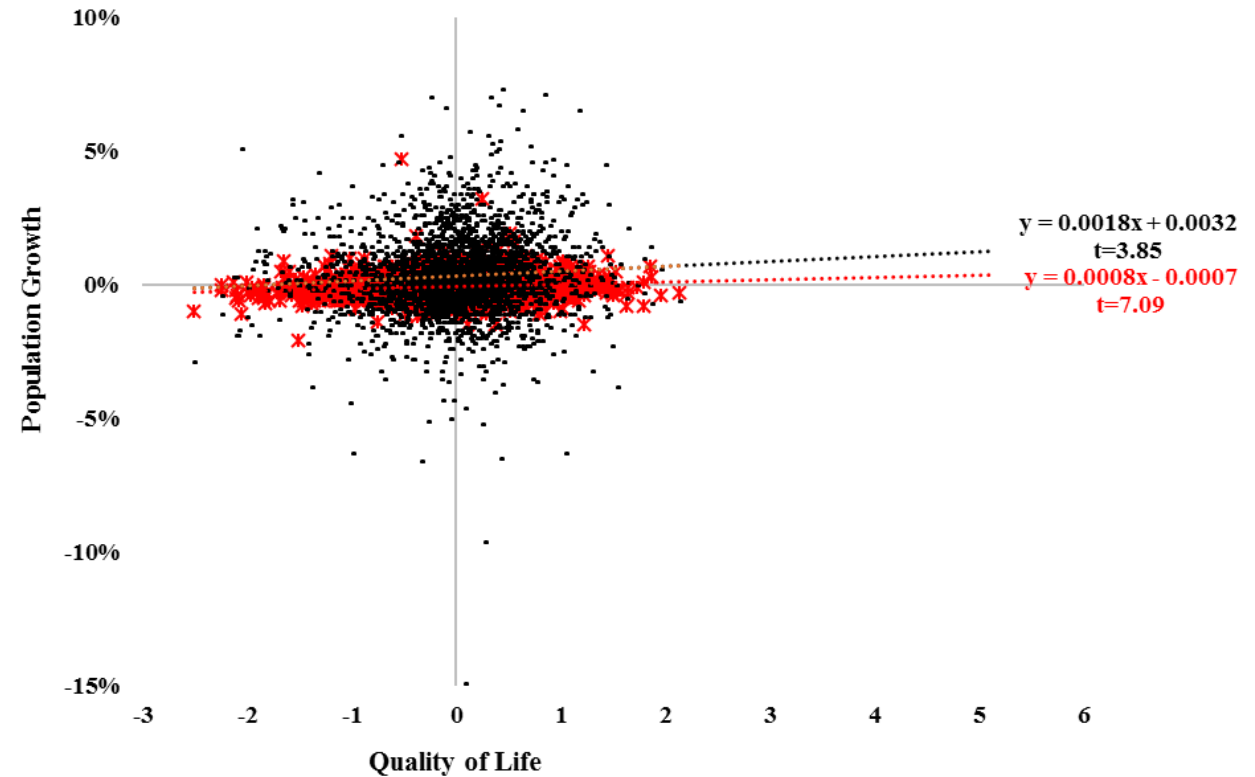
Matters less for population and employment growth



Source: Authors' calculations using Census Bureau data

INCREASINGLY SO IN THE WAKE OF COVID

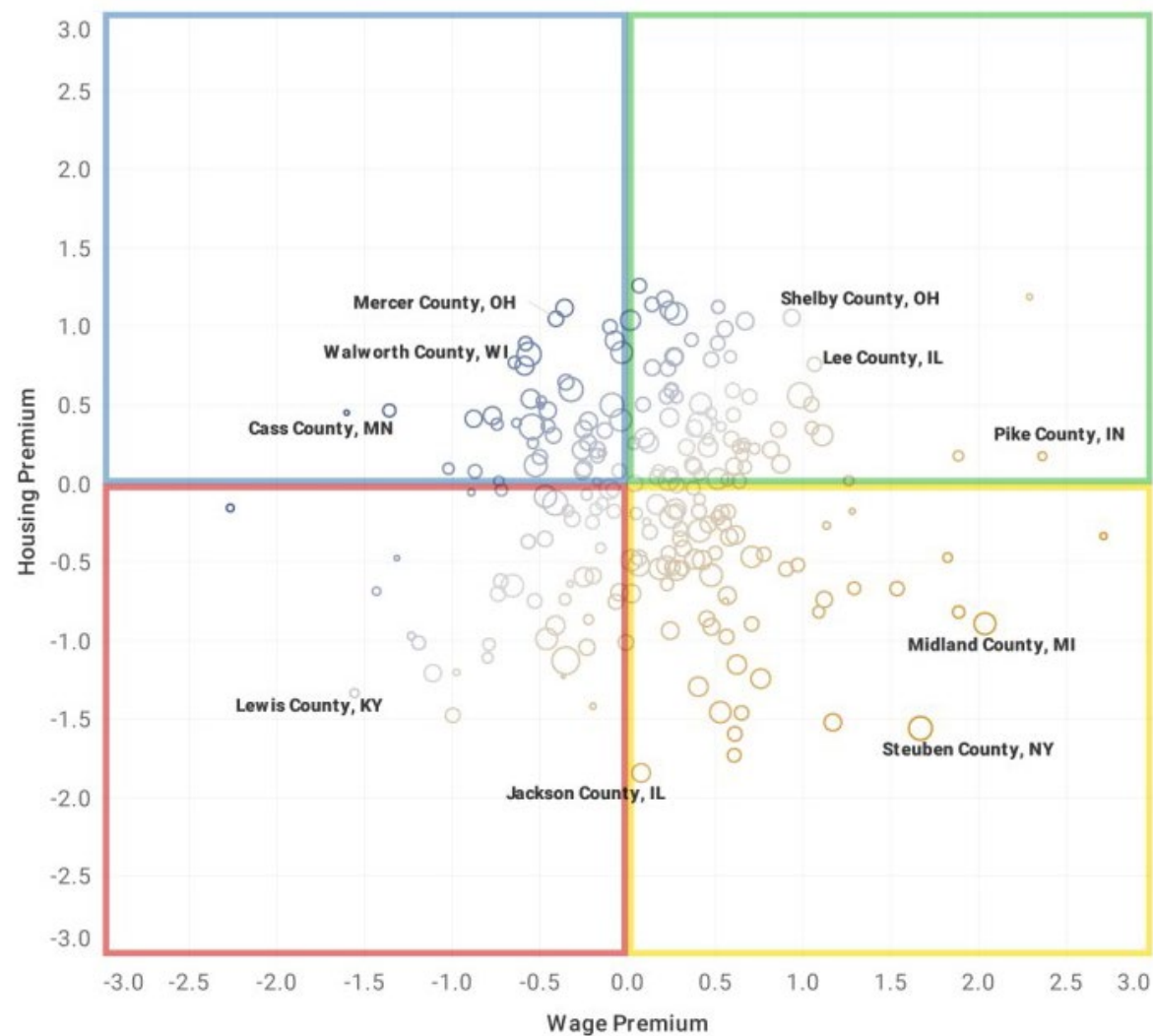
The relationship between quality of life and population growth has strengthened in the wake of the COVID pandemic and the rise of remote work



Quality of Life and pre (**red**) and post-COVID (**black**) annualized population growth

THE LOCATION PREMIUM

Midwest communities that appear well positioned for new growth: including Whitewater, WI (Walworth County); Celina, OH (Mercer County); and Brainerd, MN (Cass County)



Source: Authors' calculations using Census Bureau data

THE LOCATION PREMIUM

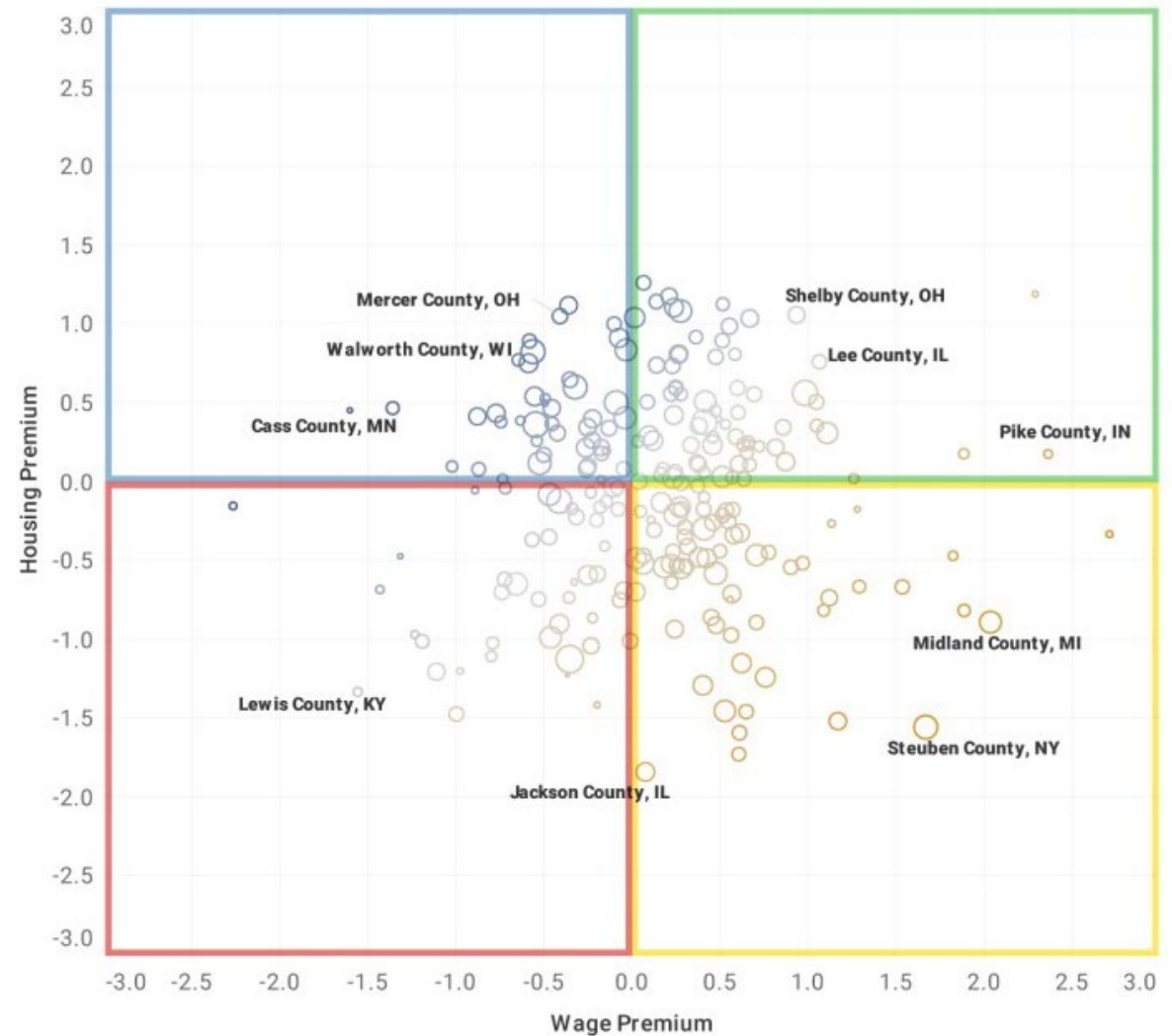
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Celina Lake Festival

THE LOCATION PREMIUM

Counties that focus on quality of the business environment in a way that sacrifices quality of life may continue to struggle

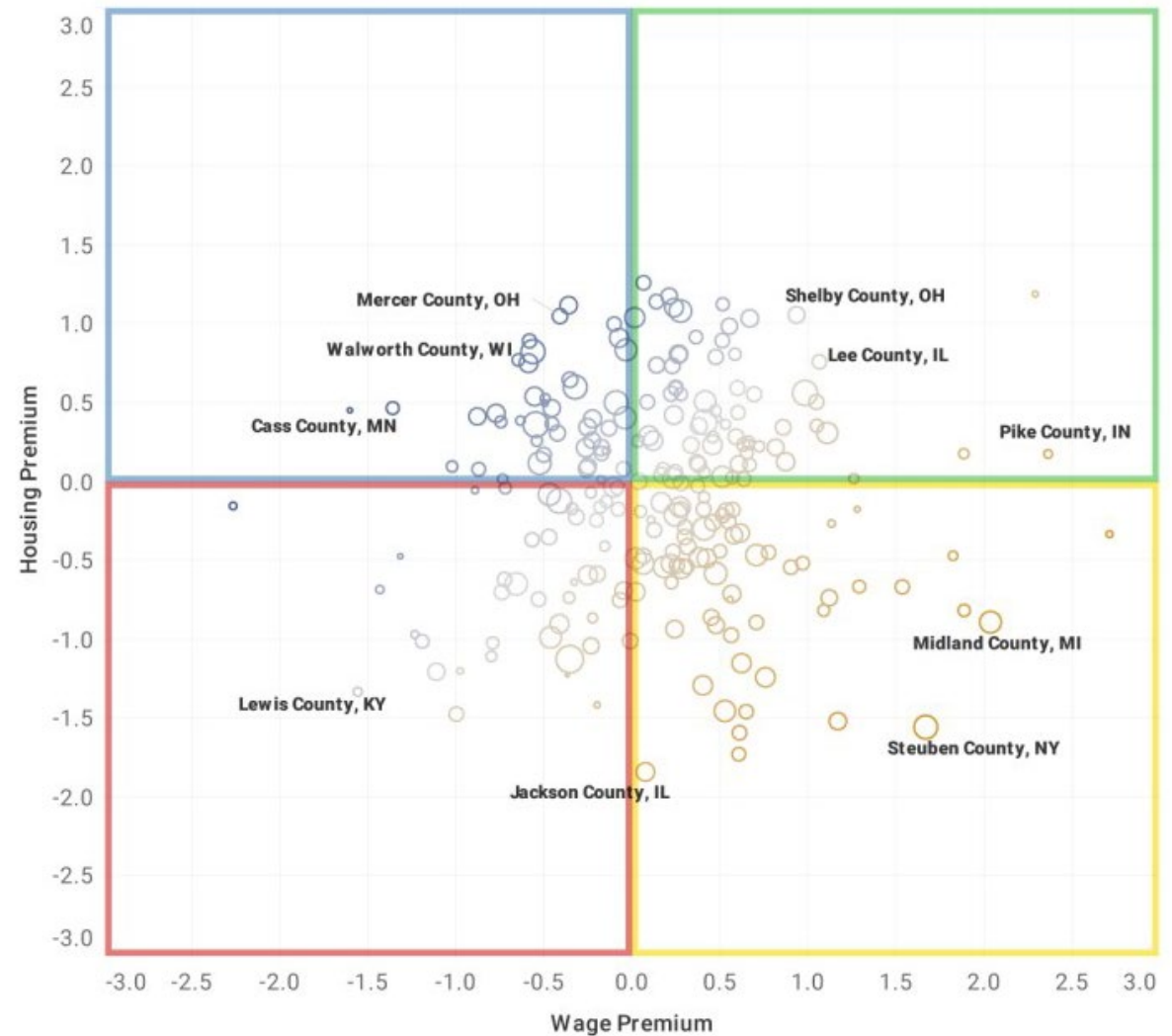


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Reminder: negative effects from economic development incentives may be the result of lowering public services (Bartik, 2020)

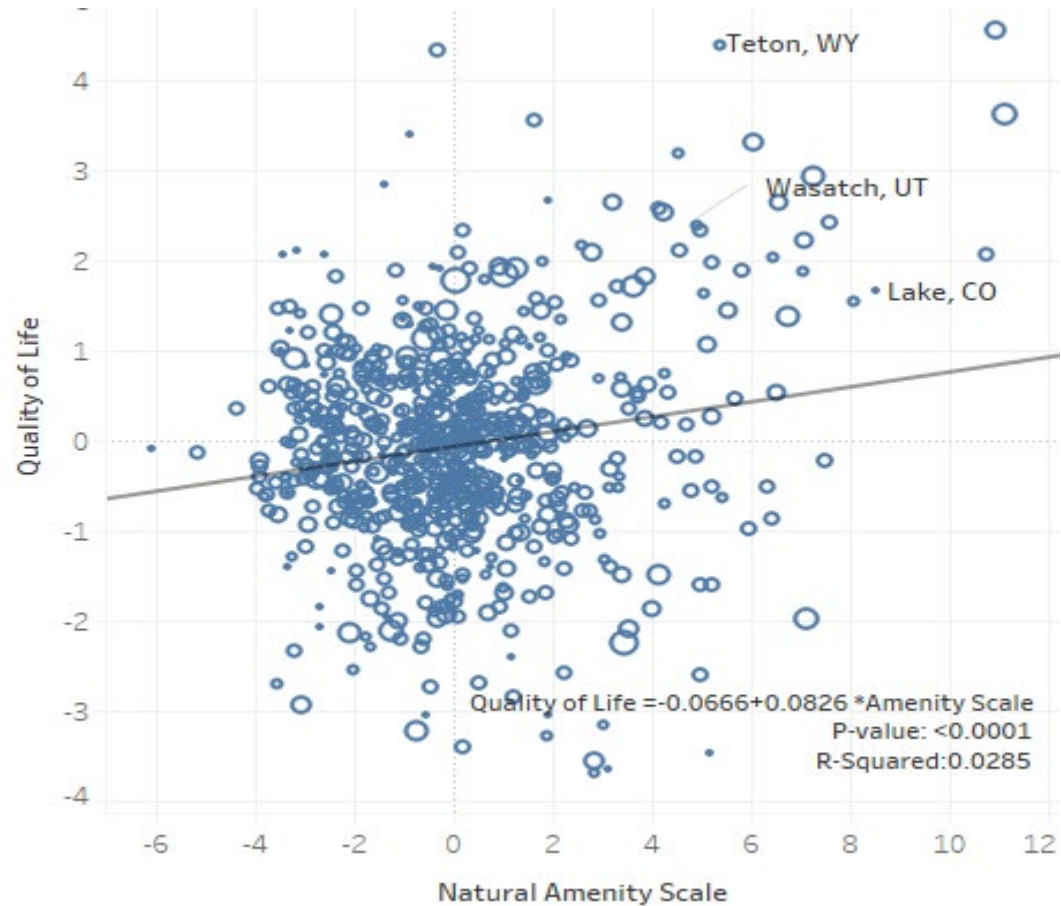


Source: Authors' calculations using Census Bureau data

SO, WHAT MAKES A PLACE NICE?



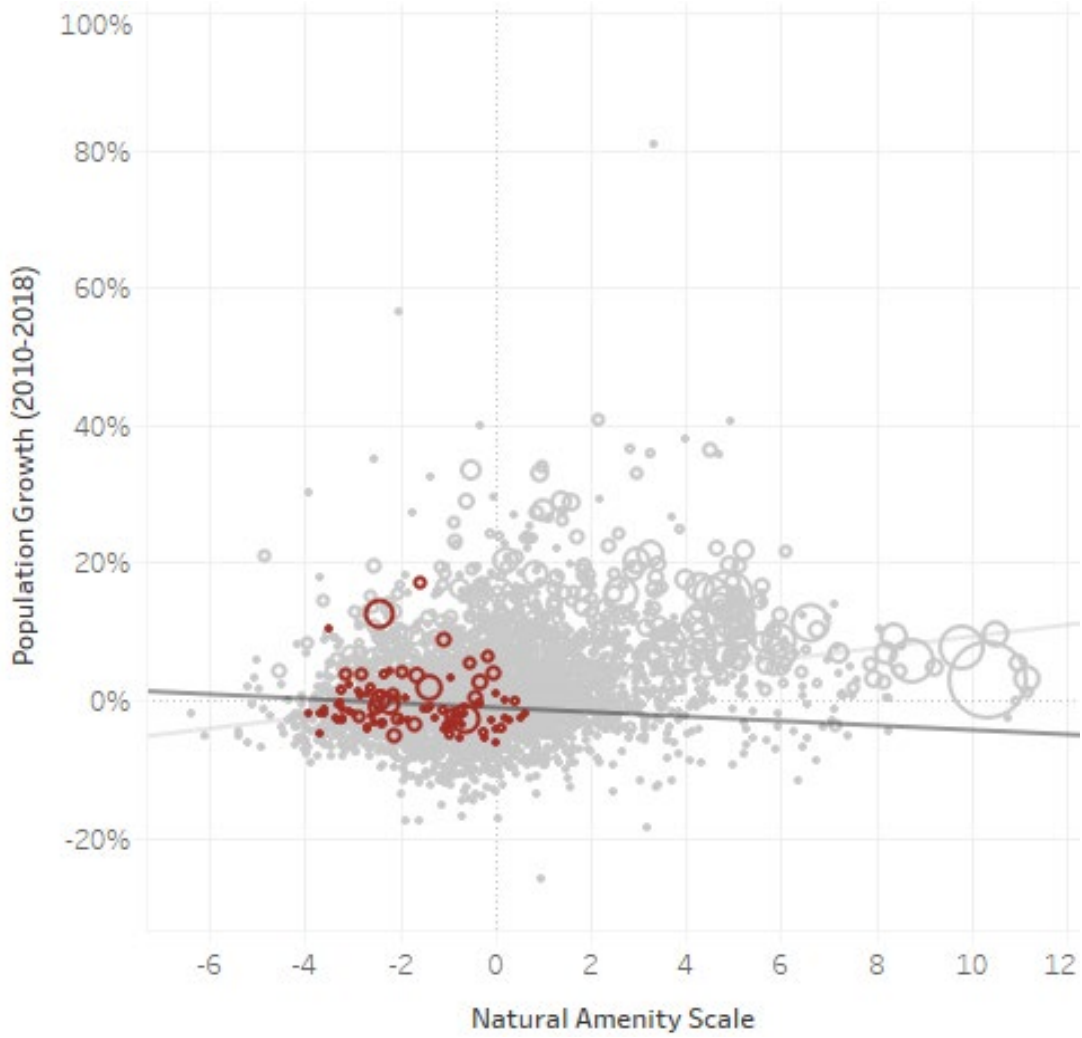
NATURAL AMENITIES → HIGHER QOL



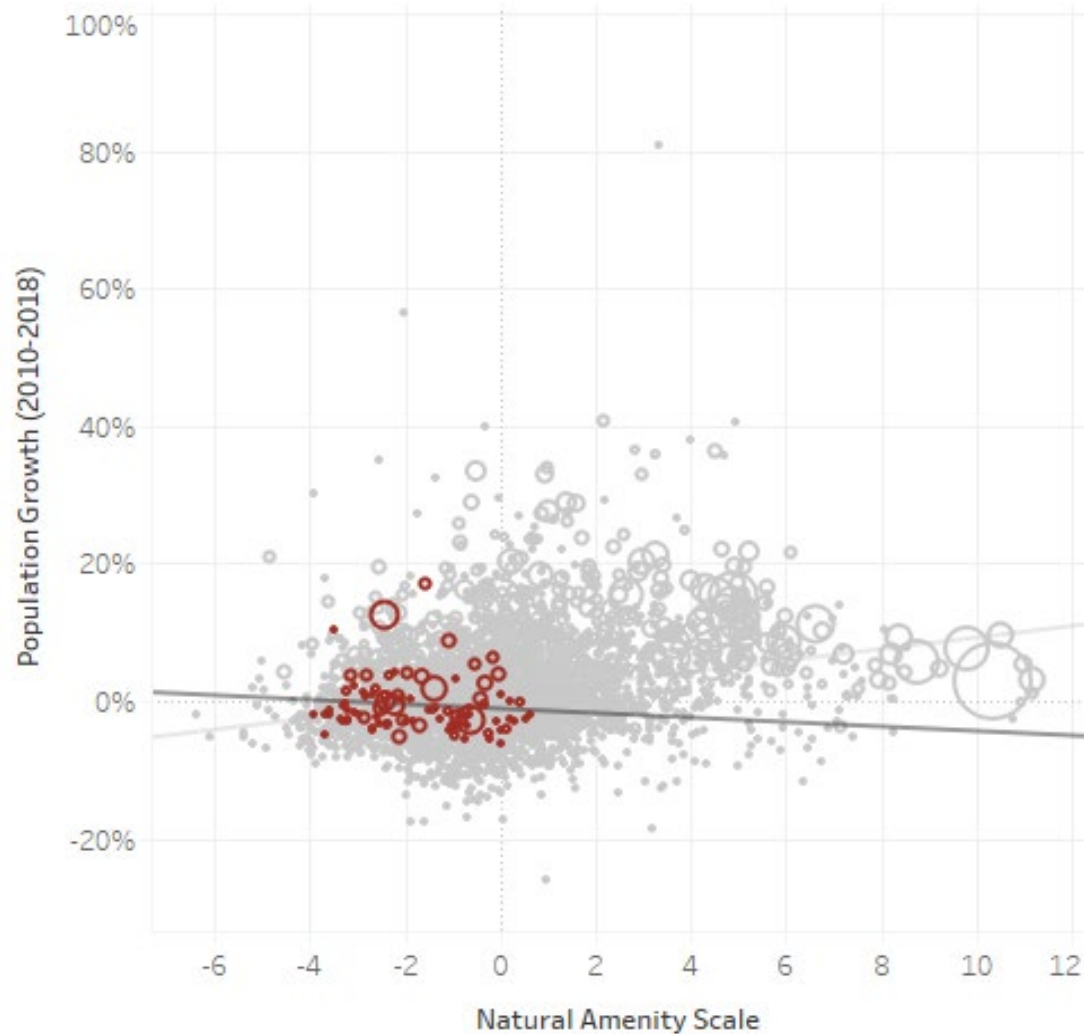
Nice weather, beaches
mountains...



BUT NOT IN OHIO ... ?



BUT NOT IN OHIO ... ?



“Northeast Ohio doesn’t have the luxury of a geographical crown jewel. No ocean or mountain range, no grand desert or majestic vistas really to speak of.”



PRIVATE GOODS & SERVICES

Recreation, Arts & Culture, Food stores...



SMALL BUSINESS AND QUALITY OF LIFE!

This is where businesses can have an outsized impact on the economy - by improving quality of life providing local goods and services we *need* and especially what we *want*!



QUALITY OF LIFE AND BUSINESS DYNAMISM

High quality of life places may attract entrepreneurs

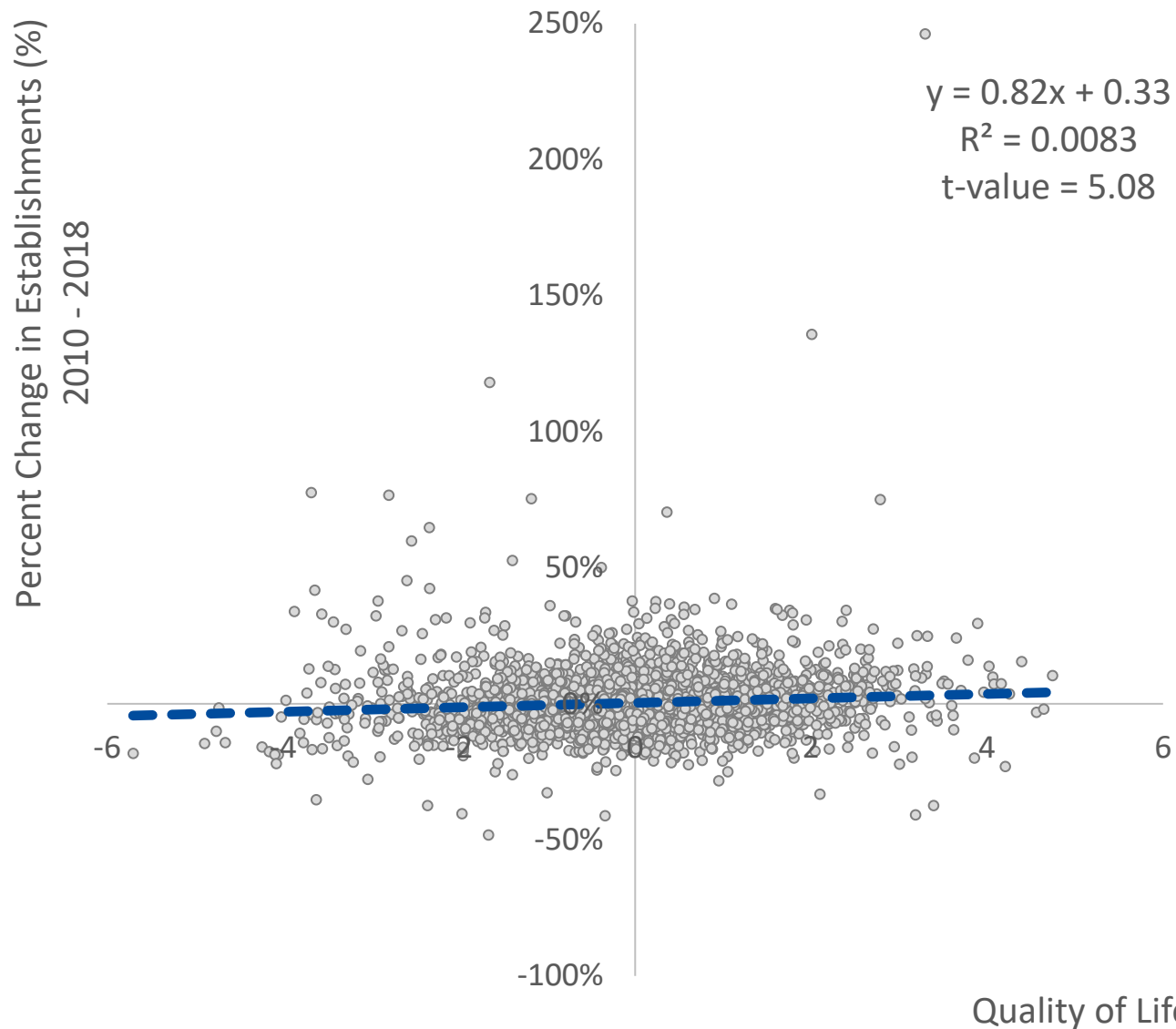
Demand for local goods & services may spur start-ups

High quality of life places provide an abundance of “3rd places” that foster networks and spur ideas



Enlightenment & the London coffee house

QOL AND GROWTH IN ESTABLISHMENTS



A one standard deviation increase in quality of life is associated with a 1 percentage point increase in the growth of establishments

Note: the average $\% \Delta$ in establishments = 2%

PUBLIC GOODS & SERVICES

Low crime rates, better health outcomes, connectivity, school spending, ...



YOUR CURRENT CLIENTS COME FIRST!

Meet the *needs* of current residents (food stores, schools, ...)

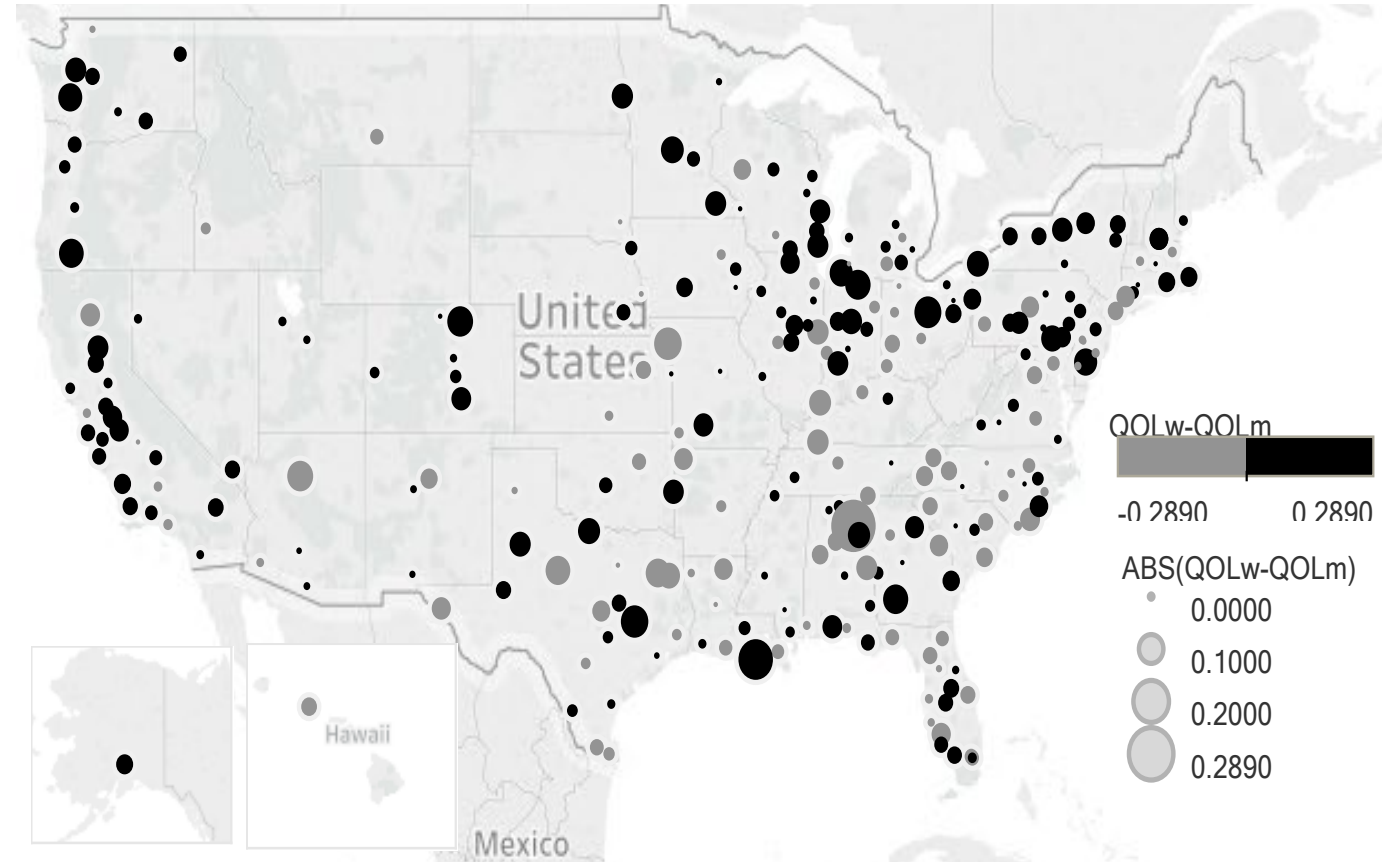
And meet the *wants* of current residents (recreation, arts, ...)



YOUR CLIENTS MIGHT BE WOMEN

Women exhibit stronger preferences for the Midwest

Women (even more than men) prefer cities with lower crime, shorter commutes, better environmental quality, more parks, ... and egalitarian gender role attitudes



Reynolds & Weinstein(2021)

WE HAVE TO BE THE SUPERHEROES

We have to be the superheroes we have been waiting for

We have to create and foster an entrepreneurial culture and ecosystem to meet the *needs* and *wants* of our community



THANK YOU



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