



# Quality of Life

as an Economic Development Strategy



# 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?



No



# WHAT IF WE MAKE THEM BIGGER?



No



The size of fiscal incentives has tripled since 1990  
(Bartik and Austin, 2019)

# IT'S A VICIOUS CIRCLE

Struggling communities  
offer incentives



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

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

“Promoting export activity at the expense of residential services will *backfire*” (Kilkenny & Partridge, 2009)

For Every Canning need there is a

# Ball JAR

SUCCESS IN CANNING

Ball Square "Perfect Mason" Genuine Zinc Cap and Rubber

Ball Round Wide-Mouth "Special" Genuine Zinc Cap and Rubber

Ball Wide-Mouth "Eclipse" With Glass Top and Rubber

Ball Square Wide-Mouth "Special" Genuine Zinc Cap and Rubber

Ball Square "Ideal" With Glass Top and Rubber

Ball Round "Ideal" With Glass Top and Rubber

# 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

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

The Economist, 9/9/21



# ESTIMATING QUALITY OF LIFE

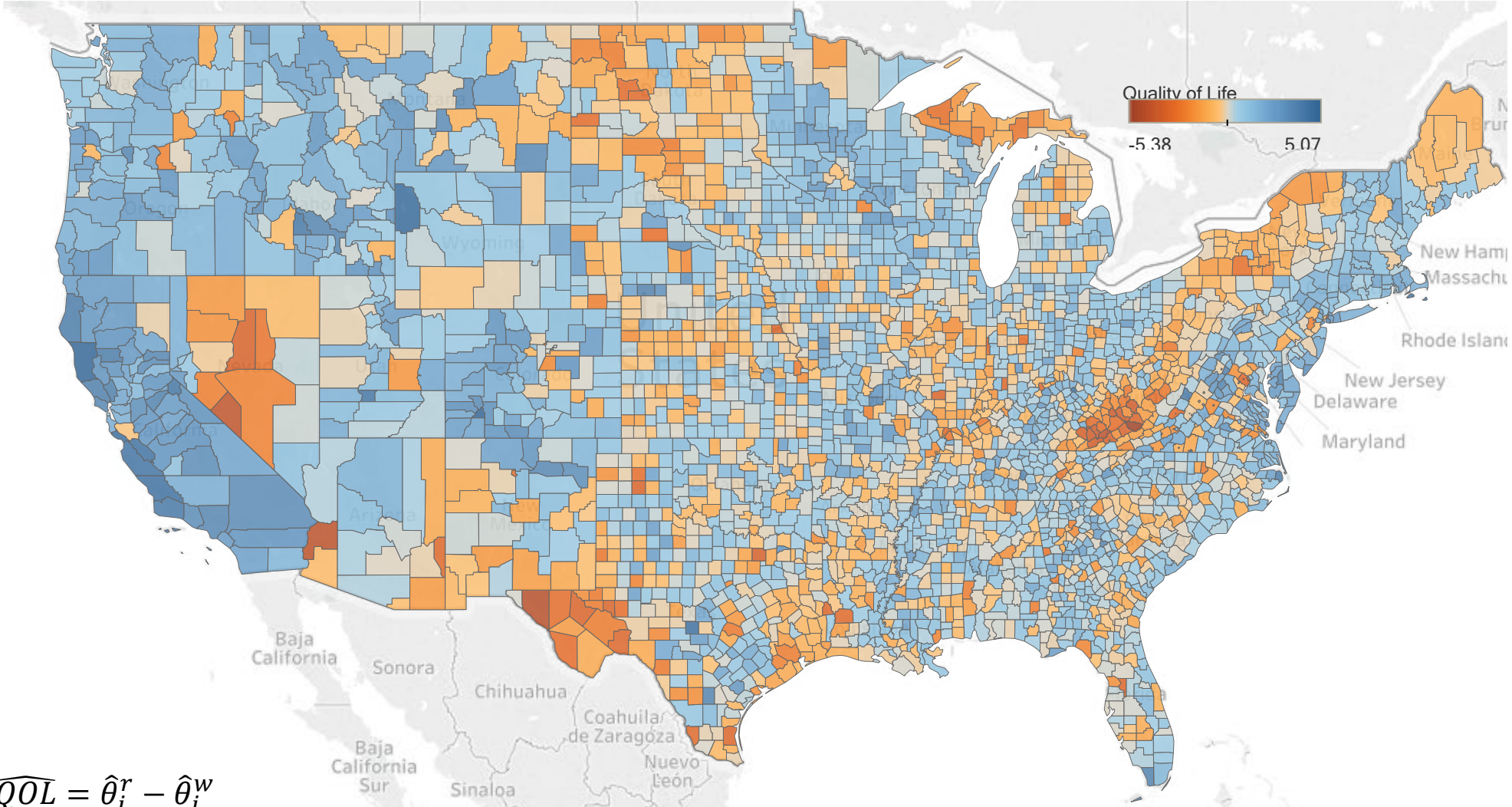
Markets can reveal preferences for locations and for amenities

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





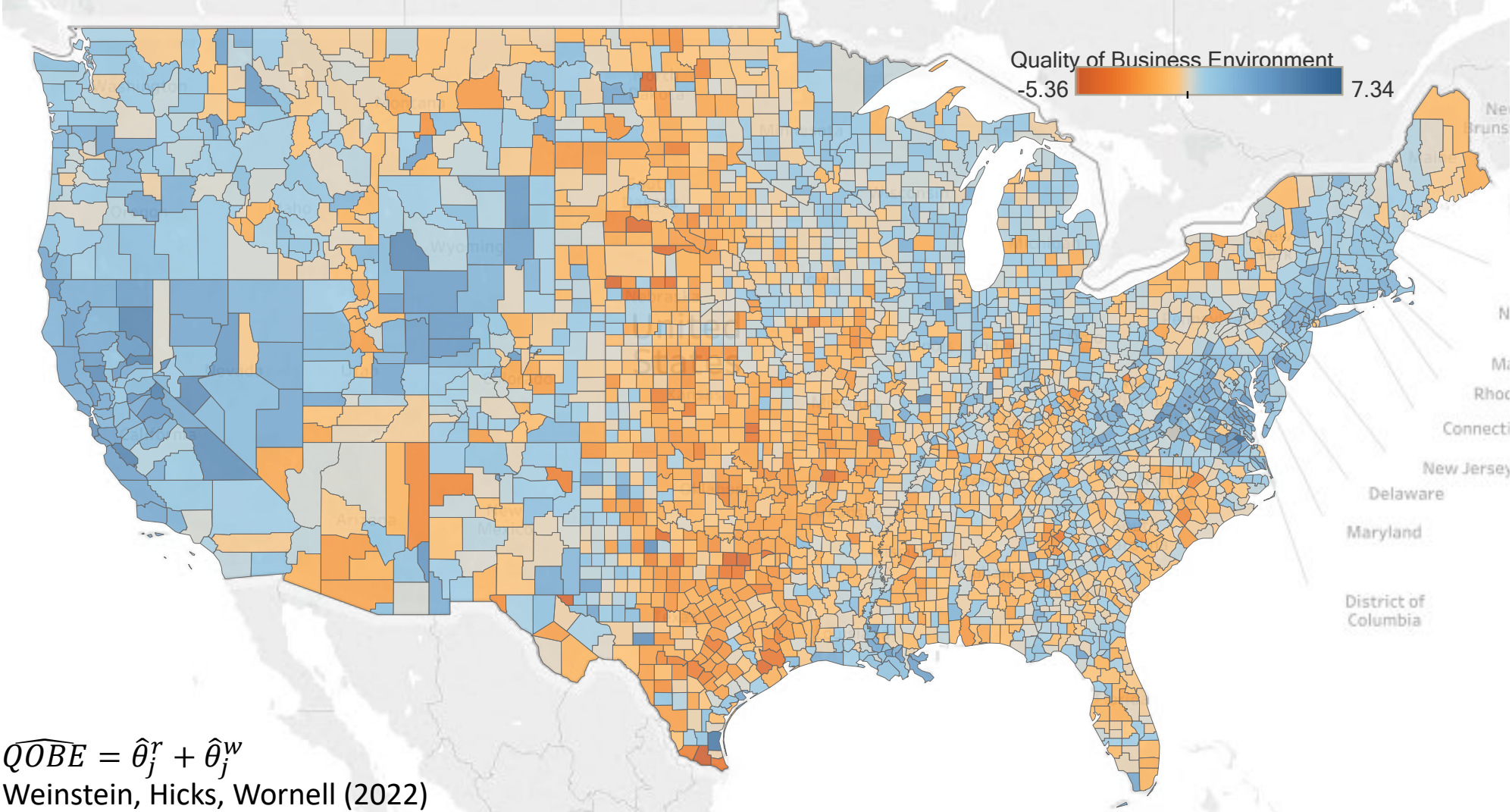
# QUALITY OF LIFE



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

Weinstein, Hicks, Wornell (2022)

# QUALITY OF BUSINESS ENVIRONMENT



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

Weinstein, Hicks, Wornell (2022)

# ANSWERING THE CHICKEN OR THE EGG PROBLEM

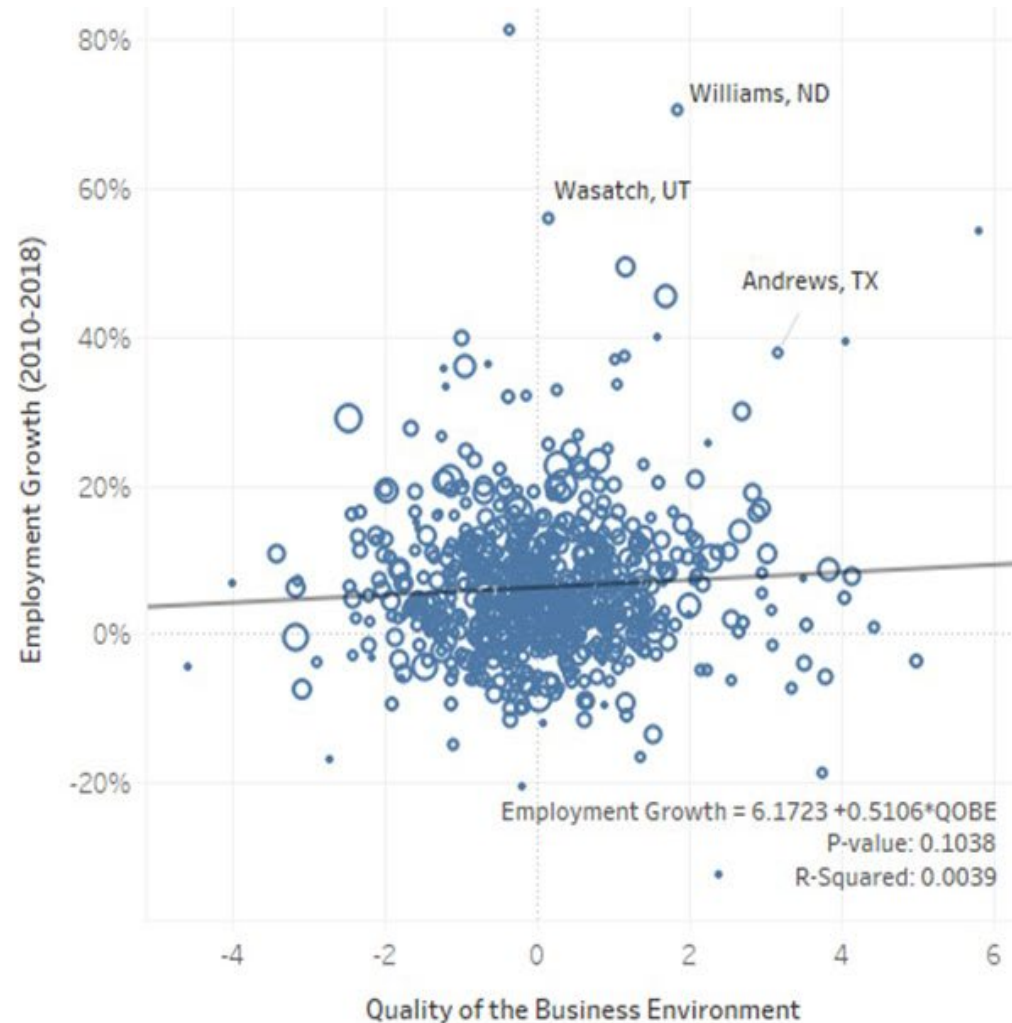
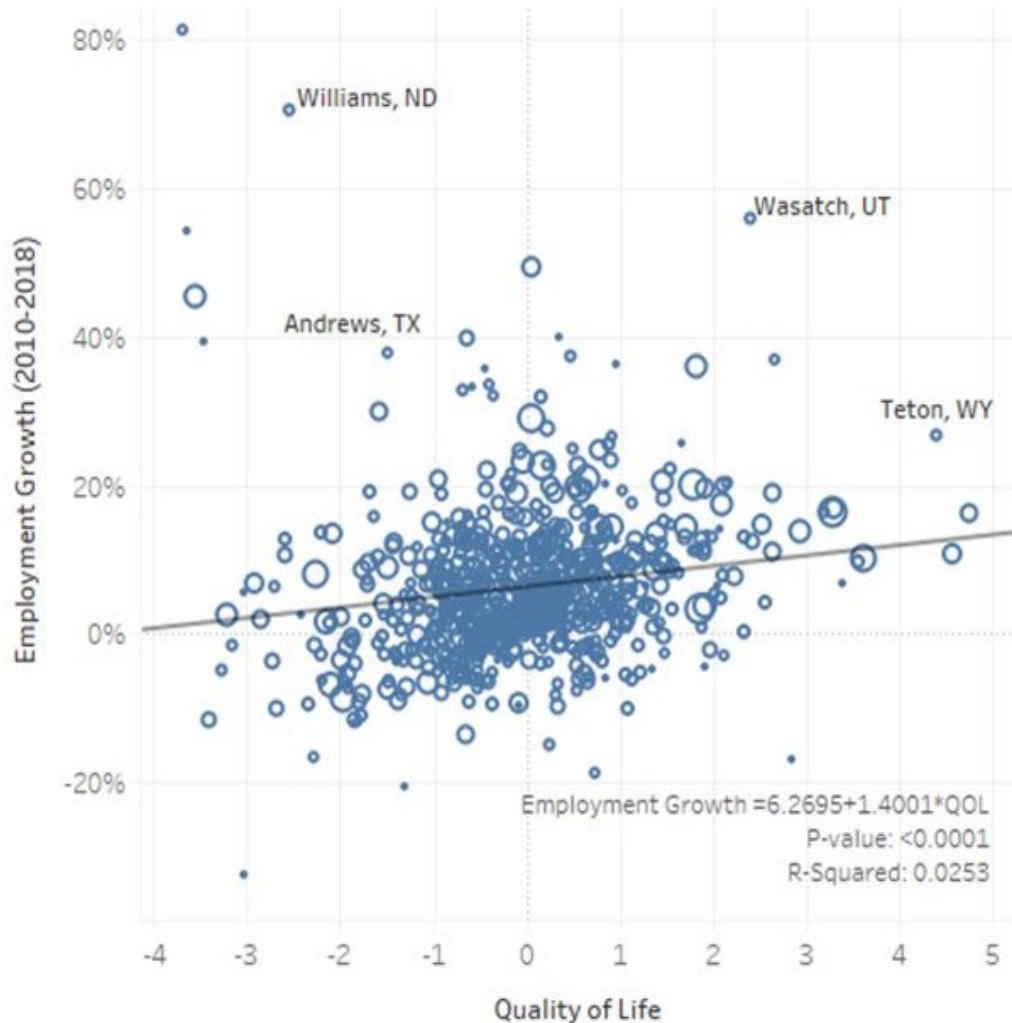
Do people follow jobs or do jobs follow people?



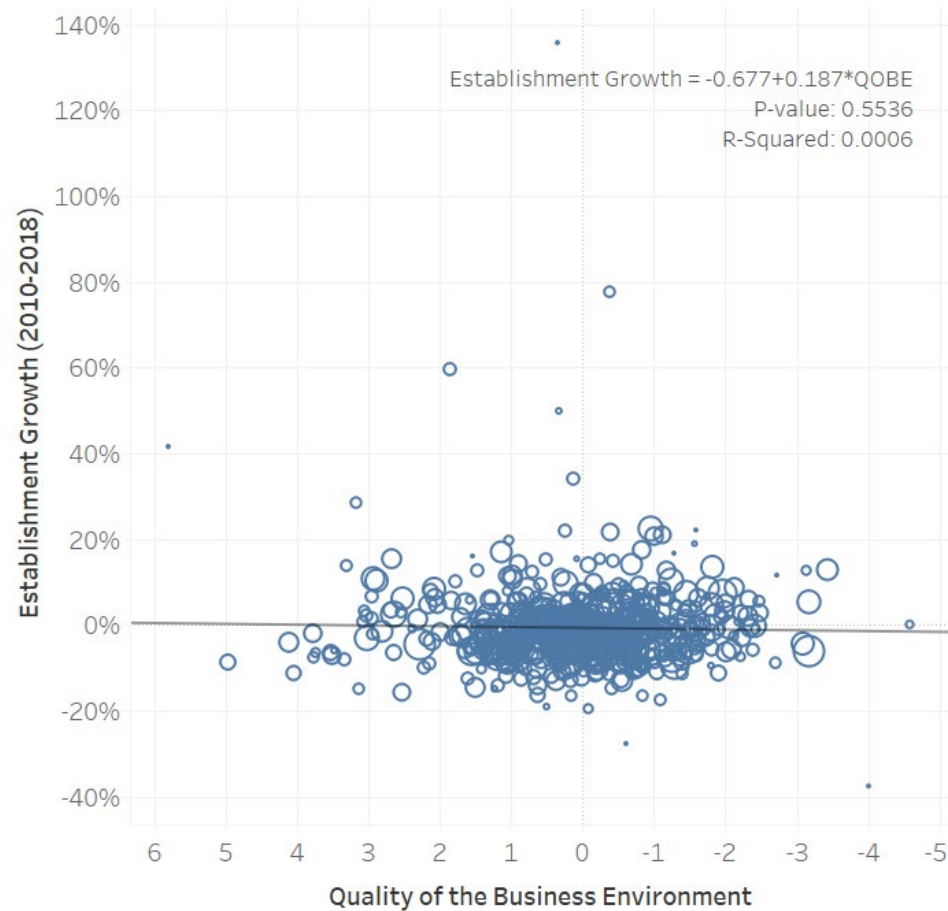
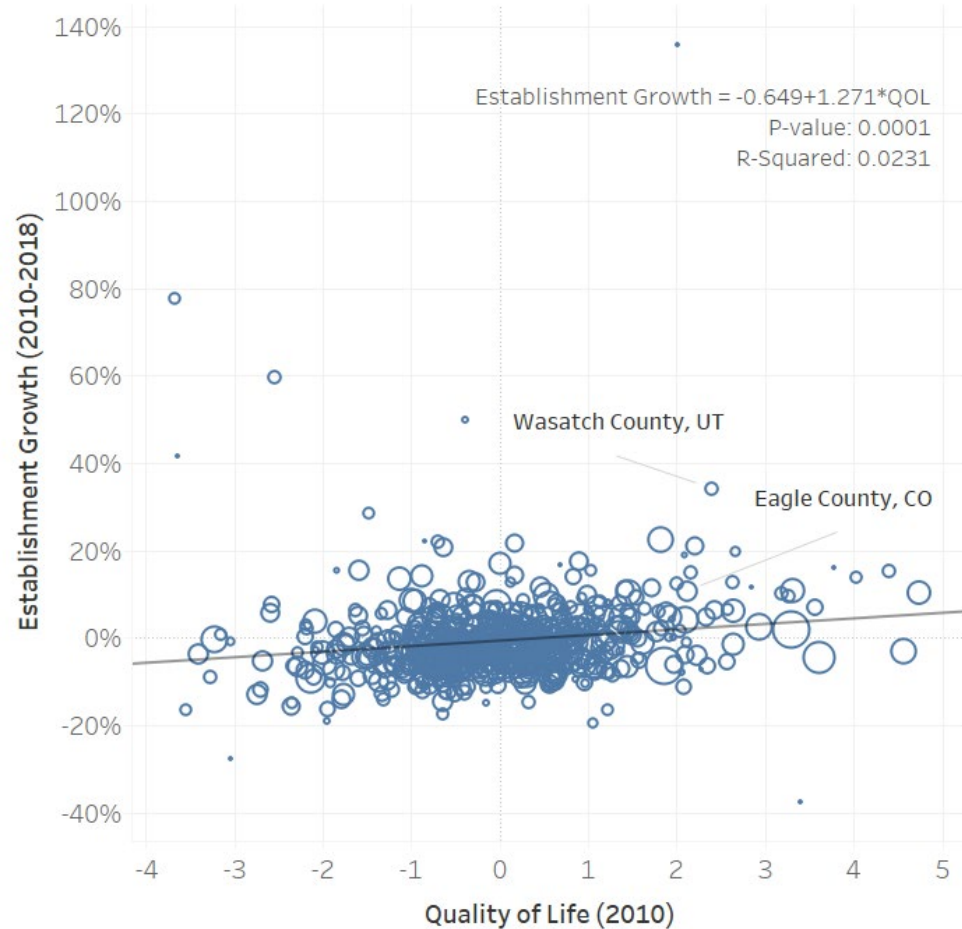
# QUALITY OF LIFE → POPULATION GROWTH (NOT QUALITY OF THE BUSINESS ENVIRONMENT)



# QUALITY OF LIFE → JOB GROWTH (NOT QUALITY OF THE BUSINESS ENVIRONMENT)

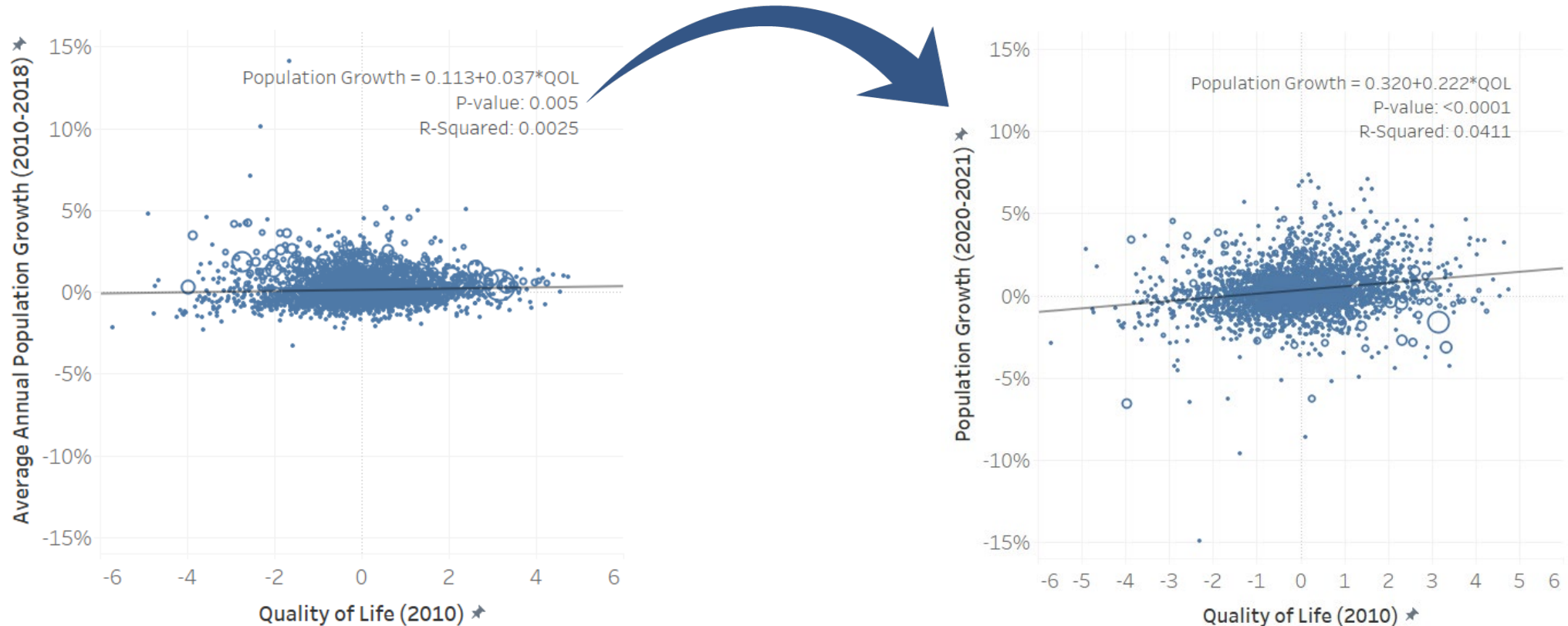


# QUALITY OF LIFE → ESTABLISHMENT GROWTH (NOT QUALITY OF THE BUSINESS ENVIRONMENT)



# IN THE WAKE OF THE PANDEMIC ...

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



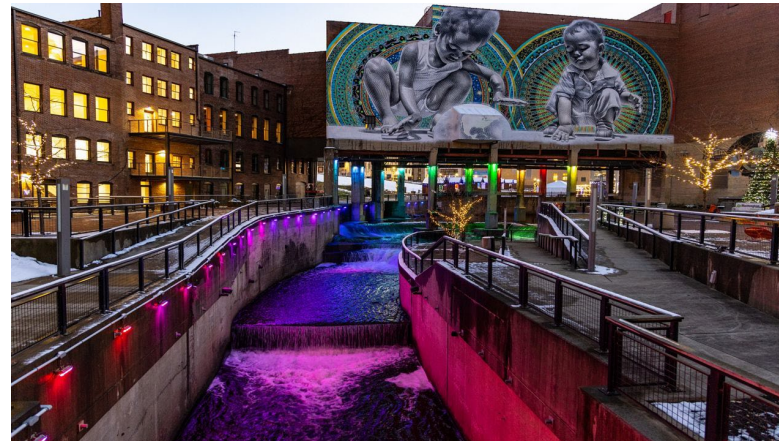
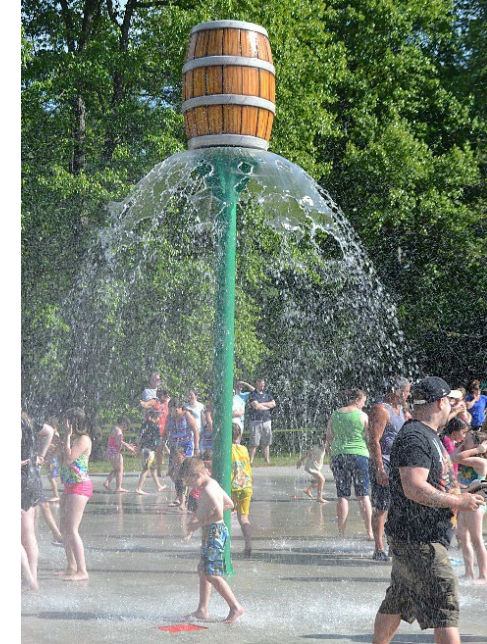
# SO, WHAT MAKES A PLACE NICE?





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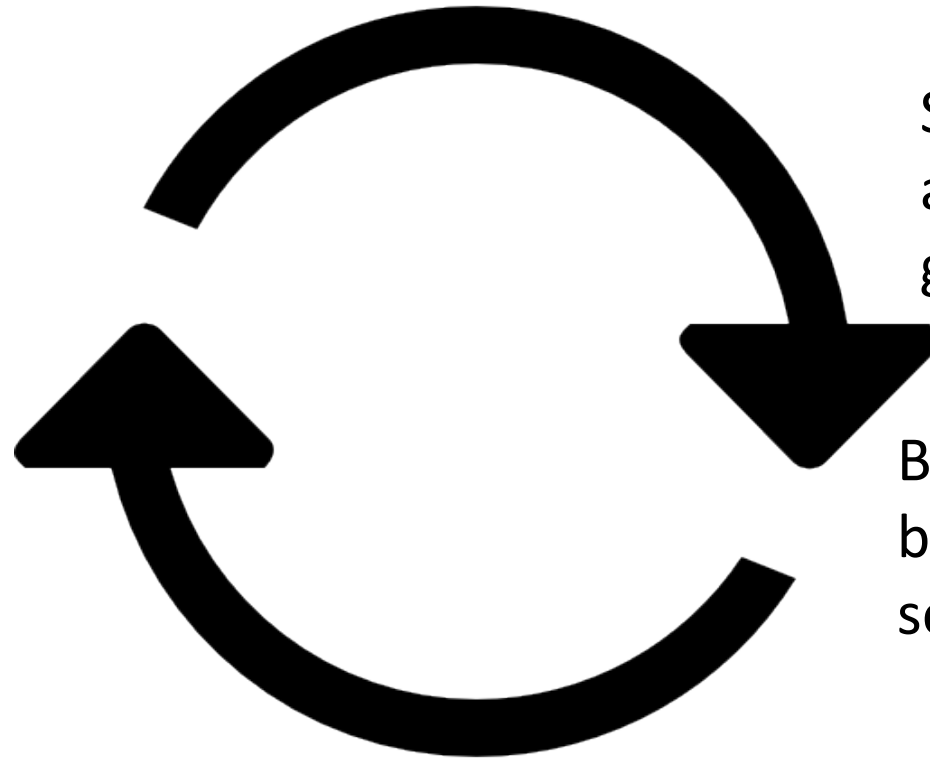
- Food Stores
- Better Health
- Personal Care Places
- Recreation
- Arts & Culture
- Proximity to a Metro
- Low crime rates
- Good Schools



# IT'S A ~~VICIOUS~~ VIRTUOUS CIRCLE

Higher quality of life  
increases 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)

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

# WE ARE THE SUPERHEROES

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





# THANK YOU!

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