

COMMENTARY

Improving quality of life—not just business—is the best path to Midwestern rejuvenation

John C. Austin, Amanda Weinstein, Michael Hicks, and Emily Wornell
January 26, 2022



11 min read



Over the course of the 20th century and into recent years, America's industrial Midwest—once a landscape of similar small and large manufacturing and mill towns—has [evolved](#) into today's reality of two Midwesterns.

One Midwest features communities that have diversified and turned an economic corner in today's urbanized, global knowledge economy. In this Midwest, many of the region's major metro areas and [university towns](#) have found new economic dynamism and relative prosperity.

In the other Midwest, however, factory towns that have lost anchor employers continue to languish. Most of these small and midsized industrial heartland communities rely on traditional economic development strategies to reinvigorate their economies, including doling out incentives to attract or retain employers or attempting to create a more "business-friendly" environment with lower taxes and labor costs.

But now there is compelling [new data](#) that these traditional economic development tools may be ineffective compared to investments in quality of life and place. Our research on smaller communities has found that community amenities such as recreation opportunities, cultural activities, and excellent services (e.g., good schools, transportation options) are likely bigger contributors to healthy local economies than traditional "business-friendly" measures. Smaller places with a higher quality of life experience both higher employment and population growth than similarly situated communities, including those that rank high by traditional economic competitiveness measures.

More On

Cities & Communities

SUB-TOPICS
Economic Development

PROGRAM
Brookings Metro

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

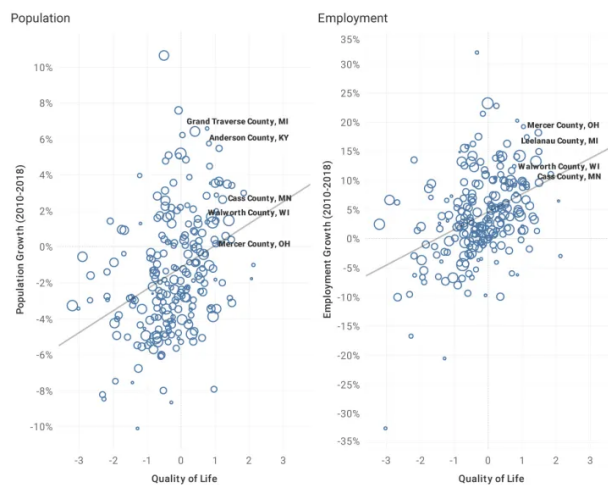
[Privacy Policy](#)

The methodology of this new research uses the expressed preferences of households and businesses themselves, rather than the many external rankings of factors that make a community a nice place to live. [Previous research](#) shows people are willing to pay higher housing prices and even accept lower wages to live in towns they think offer a higher quality of life. Similarly, businesses are willing to pay higher real estate prices and offer higher wages to locate in places with more productive workers. In this manner, housing and labor markets can reveal the preferences of households and businesses.

In this analysis “quality of life” is measured by the “extra” housing costs (be they positive or negative) that households appear willing to pay to live in a given county, above and beyond what local wages and housing and population characteristics would suggest. “Quality of business environment” is measured by the “extra” real estate and wage costs (again, positive or negative) that businesses appear willing to pay to locate in a given county, above and beyond what local economic structure and worker characteristics would suggest.

After estimating quality of life (what makes a place attractive to households) and quality of business environment (what makes a place especially productive and attractive to businesses) in communities across the Midwest, we found quality of life matters more for population growth, employment growth, and lower poverty rates than quality of business environment. This is seen in Figure 1 and 2:

Figure 1. Higher quality of life is associated with higher population and employment growth



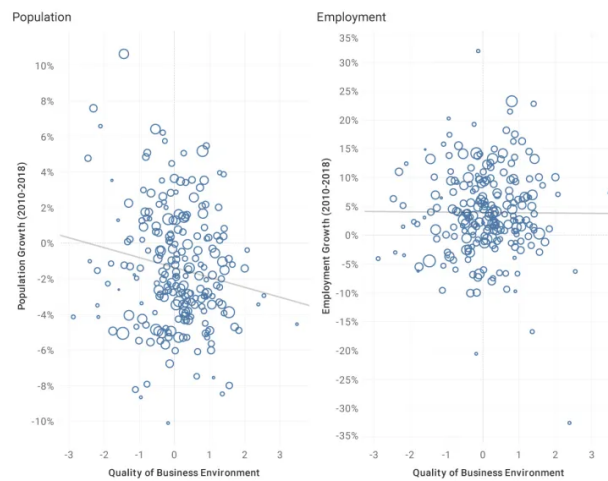
Source: Authors' calculations using Census Bureau data

B Brookings Metro

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

Figure 2. Higher quality of business environment is not associated with higher population or employment growth



Source: Authors' calculations using Census Bureau data

B Brookings Metro

Many of the towns with higher estimated quality of life are places with natural amenities, such as lakes or mountains. In the Midwest, there may be no better example than Traverse City, Mich. area (Grand Traverse County and Leelanau County). Traverse City sits at the base of a large Lake Michigan bay. Like some other Great Lakes communities, the city cleaned up the residues of its [once-industrial waterfront](#) decades ago, and today is a thriving lifestyle community known for its four seasons of recreation, scenery, wineries, and a downtown that offers unique local restaurants, brewpubs, and boutiques.

Capitalizing on the natural amenities near these small towns and rural areas offers one potential path to economic success for many Midwest communities. It also offers better long-term prospects than the shorter-term gains associated with natural resource extraction. Such industries place some smaller communities in the “good place to work” side of the ledger, including Pike County, Ind., where at one time about [one in six workers](#) was employed in relatively well paid coal mining jobs and is home to a major coal-fired power plant. Yet Pike County has experienced a steady decline in population and employment for decades.

Our analysis suggests that across the nation, natural amenities are associated with higher growth. Yet there are some areas, including in the industrial Midwest, where natural amenities exist but have not been leveraged. In Ohio, for example, natural amenities [aren't associated with higher growth](#)—not because Ohio lacks parks, woodlands, and Great Lakes coastline, but because it hasn't effectively repurposed industrial sites and rebranded its communities as successfully as a place like Traverse City has.

With the COVID-19 pandemic heightening the importance of places' quality of life and making remote work more common, Great Lakes and Midwest lifestyle communities are becoming even more attractive [destinations of choice](#). So, how can leaders in these communities leverage their quality of life attributes?

Obviously, leaders and policymakers can't build a Great Lake, mountain, or unique natural feature from scratch. But they can focus

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

on enhancing other quality of life aspects and providing solid public services for their current residents.

For example, our analysis found that one of the strongest factors associated with higher quality of life in small towns is spending on public schools, with public school quality and the availability of early childhood education being two of the most important factors for working parents. And while school quality is important for both men and women, it is more important to women, as [women tend to allocate more household resources toward their children](#). Recent [research](#) suggests women may be the household member that small Midwest towns have the best shot at attracting; women already show stronger preferences for the Midwest, and are more negatively affected by the congestion effects associated with large cities (for example, higher crime rates and worse air quality). Women's buying power and influence over household decisions has been underestimated by policymakers and businesses alike and has likely grown over time, and quality of life features important to women (e.g., access to quality public education and child care) may be a prerequisite for the success of a community's other economic development policies.

Although quality of life surpasses quality of business environment in driving economic success, the *nature* of local businesses still plays an important role. Local employers that provide goods and services that add to the quality of life can be vital aspects of a communities' appeal. This includes not just recreation or arts and culture but also the nature of food stores, home furnishing stores, and personal care establishments; for example, farmers' markets, locally owned businesses, and quirky shops all enhance a community's quality of life to current and potential residents. It may also be important for employers in all industries to consider the work-life balance they are offering employees and ensure their workers have ample opportunities to enjoy the local amenities with friends and family.

One implication of this research is that local leaders, businesses, and decisionmakers need to identify and build on their particular assets and advantages that contribute to quality of life.

While any community's economic positioning for future growth is a nuanced consideration—informed by contexts ranging from natural assets to historical industrial mix to the existence of racial strife—this research suggests that smaller former industrial and rural Midwest communities with a high quality of life could be poised for new growth. This is particularly relevant as [new bipartisan infrastructure legislation](#) will deliver high-speed internet access to rural and small town America, and potential human infrastructure spending could offer less-resourced small towns better access to universal pre-K, which [previous research](#) has found to be the largest positive impact on preschool enrollment for rural areas—indicating that the market for preschool may be especially “thin” in rural areas.

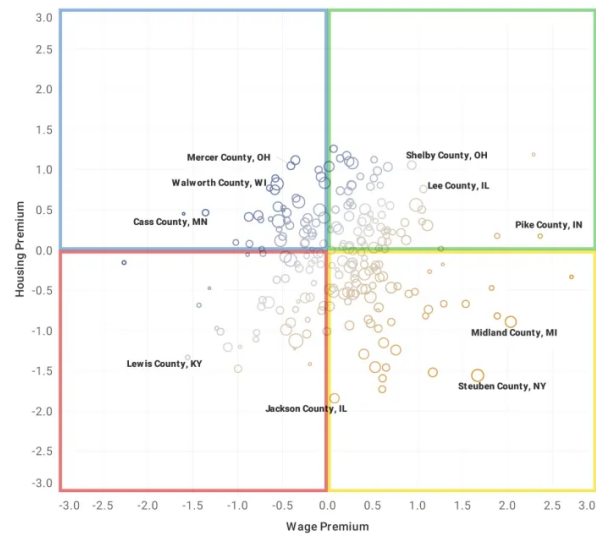
Figure 3 displays smaller industrial towns based on the positive or negative housing and wage premiums residents and businesses are willing to pay to locate there. The upper left (blue) quadrant displays places with higher quality of life, where residents are willing to pay higher housing prices and accept lower wages. This quadrant displays a number of smaller Midwest communities that appear well positioned for new growth, including Whitewater, Wis. (Walworth County); Celina, Ohio (Mercer County); and Brainerd, Minn. (Cass

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

County), which all rank among the top small Midwest towns for quality of life in Figures 1 and 2.

Figure 3. Small industrial towns should focus on quality of life to realize their full growth potential



Source: Authors' calculations using Census Bureau data

B Brookings Metro

The upper right (green) quadrant displays places that both households and businesses believe are nice places to live and work. These include Sidney, Ohio (Shelby County), an historic town with an extensive parks and recreation system as well as various headquarters and manufacturing plants. Another example, Dixon, Ill. (Lee County), is a regional employment hub with several large employers along with art venues in its downtown.

We don't see current long-run growth potential for the places in the lower right (orange) quadrant such as Steuben County, N.Y., Jackson County, Ill., and other counties that rely on extractive industries and focus on the quality of business environment in a way that sacrifices quality of life. The same can be said for places in the bottom left (red) quadrant, which are viewed as unattractive places to both live and work. These counties are places that would likely require a significant refocusing of effort in the public and private sphere toward quality of life, or some other strategic intervention (e.g., building out education, medical, or research complexes to spur a growth trajectory).

The findings reinforce that local leaders and economic developers should prioritize quality of life strategies over tax incentives and lax regulation. The long-standing Midwestern community economic development strategy of low taxes, business incentives, and loose environmental regulations [usually doesn't work](#), and has often [proven disappointing](#) to communities that have given away tax dollars and reduced business standards without seeing substantial returns. Low business taxes often hide a hidden opportunity cost by reducing available funding for local schools and other public amenities.

A shift in focus toward quality of life also favors regional cooperation rather than the zero-sum game of fiscal incentives. Places that focus narrowly on quality of business environment end up competing with their neighbors, reducing not only their own economic success but also the population and employment growth of their neighbors. Conversely, improving quality of life in a place improves the economic

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

success not only of their own town, but also for nearby communities with the ability to enjoy the amenities their neighbors offer.

The importance of quality of life in economic development has been growing in recent decades, as prospective residents increasingly demand such amenities. But the change has come so slowly that it has gone unnoticed by many. Even if the populations that move to high quality of life Midwest communities are relatively small in number, these are small places to begin with, and newcomers can help reverse historic patterns of population decline.

Leaders in the smaller Midwest places looking for levers for economic development can be guided by the same wisdom that businesspeople have always known: It is much easier to attract new customers when you make your current customers happy. Improving quality of life for current residents in small Midwest towns can be a driving force for the community renewal they so eagerly seek.

RELATED CONTENT



BUSINESS & WORKFORCE

Rebuilding America's economy and foreign policy with 'ally-shoring'

Elaine Dezenski, John C. Austin
June 8, 2021



ECONOMIC DEVELOPMENT

To counter extreme politics, revive global democracies' Rust Belts

Andy Westwood, John C. Austin
April 8, 2021



SMALL BUSINESS & ENTREPRENEURSHIP

As the venture capital game gets bigger, the Midwest keeps missing out

John C. Austin
June 6, 2019

AUTHORS



John C. Austin

Nonresident Senior Fellow - Brookings Metro



Amanda Weinstein

Associate Professor of Economics - University of Akron



Michael Hicks

Director of the Center for Business and Economic Research - Ball State University



Emily Wornell

Research Assistant Professor - Ball State University

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

Acknowledgements and disclosures

The Brookings Institution is committed to quality, independence, and impact.

We are supported by a [diverse array of funders](#). In line with our [values and policies](#), each Brookings publication represents the sole views of its author(s).

MORE ON

▼ Cities & Communities

PROGRAM
Brookings Metro

CLIMATE & ENERGY



California's road to climate progress, Part 3

Ben Swedberg, Adie Tomer
November 13, 2025

CITIES & COMMUNITIES



Skowhegan, Maine, is making waves as it builds a vibrant future along the Kennebec River

Anthony F. Pipa
November 12, 2025

CITIES & COMMUNITIES



Investing in distressed areas: Scott Andes on paths to prosperity for rural America

Anthony F. Pipa, Scott Andes
November 12, 2025

Get the latest from Brookings

Email Address



B

The Brookings Institution is a nonprofit organization based in Washington, D.C. Our mission is to conduct in-depth, nonpartisan research to improve policy and governance at local, national, and global levels.

[Donate](#)

RESEARCH PROGRAMS

Governance Studies
Economic Studies
Foreign Policy
Global Economy and Development
Brookings Metro

ABOUT US

Leadership
Careers
Brookings Institution Press
WashU at Brook
Contact Brookin
Cookie Preferen

Research & Commentary
Experts
Events

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. To learn more, view the following link:

[Privacy Policy](#).