CLUSTERS IN THE WILDERNESS: A THEORY OF THE ECONOMIC AND POLICY IMPLICATIONS OF LOCATION-BASED PASSIONS

by

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DEDICATION

To Doreen, Joey, and Leo: from the centers of the cities of my past to the uncharted wilderness of our future, my heart and passions always move with you.

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ABSTRACT

In the global war for talent and investment, local policymakers are at a seeming disadvantage particularly in smaller cities as talent and capital are mobile while local policies are not. This often results in wasteful "copy thy neighbor" "race-to-the-bottom" in local policies. In these three essays, I develop a theory of Location-Based Passions (LBPs) and show that individual job seekers will accept lower salaries and benefits to be close to what they love, that there are long-term economic benefits in terms of greater per capita income and higher housing values to being recognized as an LBP star city, and look at the case of Boise, Idaho. Using active outdoor sports as a primary example, I argue that people will pay to play, that cities that play also pay, and that a winning strategy for local policymakers and firms is to play to their unique inherent strengths in leisure and cultural amenities to attract and retain top-talent and investment.

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LIST OF ABBREVIATIONS

LBP	Location Based Passion
OBC	*Outside's* Best Cities
MSA	Metropolitan Statistical Area
BEA	Bureau of Economic Analysis
FHFA	Federal Housing Finance Agency
HPI	Housing Price Index
ANE	Atlantic Northeast
ASE	Atlantic Southeast
NMW	Northern Midwest
SMW	Southern Midwest
PNW	Pacific Northwest
PSW	Pacific Southwest

INTRODUCTION AND THREE ESSAYS

Cities, large and small, are places where people come together to work, live, and play. For nearly a century, economists and policymakers have looked at what cities can do through policies to attract better resources to create economic clusters (Marshall, 1920) more capable of doing good work and creating sustainable economic benefits. At the heart of this are the talented individuals who base themselves within these clusters and drive their development and growth. In an increasingly knowledge-based and mobile global economy, though, these individuals also have more and more choices about where and why they locate (Grant, 2014; Florida, 2005; Laroche, Mérette., & Ruggeri., 1999; et. al.), just as firms have increasing discretion about where to invest their scarce capital and resources (Hartley, 2005; Martin, & Ottaviano, 1999).

Beyond work, though, people enjoy their leisure and a good deal of this leisure outside the home also necessitates being physically present in a certain place to enjoy. I call these activities Leisure-Based Passions (LBPs) and they require a specific place to be enjoyed: a good river for fly-fishing, a good Cantonese restaurant for dim-sum, a good stage and band for a blues festival, a good church to sing alto in the choir, a good gallery to peruse a visiting sculpture collection, or a good snowpack and access to it to ski powder. At the same time, due to scarcity of resources individuals have only a fixed amount of time and energy to divide between work and leisure (Greenhaus & Powell, 2006). This creates an essential "Work-Leisure Conflict" between work and play

(Knecht, Wiese, & Freund, 2016; Simmons, Mahoney, & Hambrick, 2016). In the following three essays I will develop a theory and models around how individuals and cities can describe, quantify, and give ideas and recommendations to city planners, to investors and managers, and to job seekers on how to optimize the work-leisure conflict with regards to LBPs.

Definition: Location Based Passions are leisure activities enjoyed in a singular and specific physical geographic place whose experience relies on knowing, understanding, and mastering the unique qualities and characteristics that define it.

Location Based Passions, which in my definition rely on the physical geography of the place people engage in them, are very important for several reasons. First, they are accessible in proportion to the culture and natural assets of a certain place, such as outdoor sporting activities, museums and galleries, active religious communities, and restaurants and bars, as well as their local concentration and development and ease of access. As such, I did not include "portable" activities (such as video games, watching Netflix, or reading novels) nor did I include non-leisure activities such as access to education or medical care. I excluded more generic location-based passions which are widely available and relatively standardized in developed countries such as shopping malls, indoor gyms, and chain restaurants. I also did not include highly individual considerations, such as proximity to family and friends as these are defined by individual choices and circumstances rather than by policy, entrepreneurship, and geography.

Table 1.1 Characteristics of Location-Based Passions (LBPs)

	Place Characteristics	Culture Characteristics	Participant Characteristics	Amenity Characteristics
LBPs	- Unique - Single location - Needs place	-Inclusive -Networked -Rules implicit - Skill/background / belief based	-Leisure time -Willing -Networked - Find through specific information	-Specific venues -Singular access
Non-LBPs	- Not unique - Multiple location options - Does not necessarily need place	- Non-inclusive - Not necessarily networked -Rules not necessarily implicit - Not necessarily skill/background/ belief based	-Not necessarily leisure -Not necessarily willing -Not necessarily networked - Find through general information	-May or may not require venue - Multiple points of access or not an issue

In the following three essays, I look at a wide range of LBPs ranging around culture (including access to museums, galleries, concerts, and live theatre), food and drink (ranging around trendy restaurant districts, brewpubs and wineries, and nightlife), community and religious activities (such as specific church groups, alumni gatherings, and ethnic communities), and outdoor sports (all the way from skiing, mountain biking, camping, and climbing to fly fishing, and hunting). Much of the focus is on outdoor sports in the models, both because they are my personal LBP and because I believe they create fewer confounding factors in the models in the sense that they are often more binary variables. Cities usually either have easy access to skiing, mountain biking, and

fishing or they do not, whereas the other LBPs are somewhat more blended and difficult to parse (i.e. the definition of what differentiates a great restaurant scene from an average one, or a great religious center from just a network of churches, or high-culture from average culture is relatively more subjective.) Furthermore, we can see LBPs as behaving in many ways like clusters, their economic cousins:

Definition: An (economic) cluster is a geographically proximate group of firms and related institutions in similar industries who share economic and social interdependencies (Rocha, 2004; Porter, 2000). Economic clusters, like LBPS, also require a specific location, have a highly specialized network of participants, require a community to grow, and whose excellence is defined in many ways by the unique value-add that their firms (or for LBPs venues) add to the industry (or for LBP the activity).

In the first essay, "How Much Will You Pay to Play? Job Location Choices Based on Non-Work Location-Based Passions," I look at the micro/individual level and examine how job seekers weigh and value LBP location-dependent non-work factors such as access to outdoor recreation, culture, food, and social activities compared to traditional job rewards (salary, benefits, prestige, and job mobility). Analyzing surveys and experiments conducted on two sets of student respondents over six months, I find that job seekers will trade-off a definite amount of job-based reward and compensation in proportion to their interest in specific location-based activities based on hypothetical job offers of US $30,000 where they will give up 4.3% up to US $80,000, where they will give up 8.2%. Furthermore, when close to two or more of their LBPs the numbers increase to 5.4% at US$30,000 and 10.6% at US $80,000 This is also supported by a

modified list experiment. This first paper adds to the existing literature on productivity, compensation, happiness, and policy on talent attraction by showing a direct quantifiable relationship around how much job seekers are willing to trade-off to be close to their LBPs. This work also gives managers an idea of what top job seekers value beyond work in their compensation and location, gives city planners an idea of what to focus on in talent and capital attraction beyond economic incentives, and gives investors an idea of what locations are specifically attractive to what kinds of talent beyond the resume.

In the second essay, "Cities that Play are Cities that Pay: Positive Income and Housing Price Effects on A-Listed Outdoor Sports Destinations Across the United States," I take a more macro-level view of how cities known for being excellent LBP destinations attract long-term economic benefits. Specifically, I find evidence that being widely recognized as a leader in outdoor sports leads to a corresponding increase in per capita income and housing values over time. I examine the relationship between per capita economic growth, the housing price index and the proxy of "making the A-list" of outdoor sports destinations by being listed in widely-circulated *Outside* magazine's annual "Best Cities" list in 360 Metropolitan Statistical Areas over a 50 year period from 1989-2018. Of these, 36 unique cities were recognized by *Outside* and those that are enjoy a mean US 14.06% annual increase in pretax income (US $6,553 over the period) and an annual .69% increase in housing value over those that are not recognized. At their very essence, these outdoor-oriented cities can be seen as a type of economic cluster with many of the same spillover dynamics that occur in traditional clusters. This second paper adds to the literature by showing that cities that are widely recognized for their excellence

in and proximity to non-work, location-based recreation activities or Location Based Passions (LBPs) tend to do better economically than those that do not. The $427.2 billion United States outdoor sporting industry, growing at 3.9% in 2017 compared to a national average of 2.4 provide a good proxy for LBPs in general which can include cultural, religious, food and drink, entertainment, and other activities which are dependent on a certain place and access to amenities. This research also generates insights into location selection for talent attraction and retention, for investments, and to local public policy formulation.

In my third essay, "Clusters in the Wilderness: Knowledge Spillovers based on Outdoor Recreation," I look at some specific cases of this cluster-building dynamic in Boise, Idaho. I argue that smaller cities like Boise wishing to reap the benefits of clusters should play to their strengths, and that creating an urban ecosystem conductive to high-trust informal social interaction may be one underexplored area of competitive advantage. In my research, I examine how widespread participation in informal, high-trust, non-work activities can lead to increased knowledge spillovers in the formal economy and drive increased and sustainable economic success by looking at outdoor sports interactions between key players in the economy around Boise, Idaho, a typical third-tier city. In this paper, I build a basic theory by looking at background factors and the literature around policy and economics, examine these cases and related data, and provide initial analysis. This adds to the literature by showing how positive economic spillover effects from outdoor recreation can help to bind and vitalize communities around spillovers that go beyond the traditional economic logic of cluster formation, which has focused more on

firm-to-firm interaction and levels of investment. Furthermore, I find an even distribution of passion for outdoor sports across political ideology for Boise State students, indicating room for political accord and tailored policies. This research also helps show firms and investors why they need to look beyond the balance sheets and basic economic statistics when making location and expansion (or reduction) choices. For policymakers, it gives signals on what kinds of amenities to invest in and helps close the income gap beyond just purchasing power parity to show that individuals will take lower salaries and benefits for their particular LBPs and that across time these in themselves lead to higher income and asset values. This is a call to all local policymakers to embrace the absolute advantages of Location-Based Passions (LBPs) inherent to the unique aspects of their physical and cultural landscape.

These three essays shed insight on the fundamental issue of how to attract and retain top talent to a particular location in a highly competitive global landscape by focusing on the particular and unique LBP strengths of each place. I build a strong case through these essays that talented job seekers are willing to give up some salary and benefits to be close to the LBPs (and two if them is better than one), that on a macro-level that there are long-term economic gains to following these policies, and that cities such as Boise have benefited from these types of approaches. Resource and amenity planning and spending for leisure-cultural facilities has been a key issue in local government policy since at least the 1980's (Tallon, Bromley, Reynolds, & Thomas, 2006) and has created a lot of controversy about what works and what doesn't, resulting in a typical "copy-thy-neighbor" "race-to-the bottom" in many cities. At the heart of my argument lies the idea

that local policies should be directed at what specific individuals love as LBPs, what specific local strengths are, and what kinds of people the cities wish to attract and retain in the future. Ultimately, as we will see, if cities know what LBPs they are good at and which people like them, they will have a long-term absolute (as these are fixed and uncopiable resources) over those that do not.

ESSAY 1: HOW MUCH WILL YOU PAY TO PLAY? JOB LOCATION CHOICES BASED ON NON-WORK LOCATION-BASED PASSIONS

Abstract

In this paper I examine how job seekers weigh and value location-dependent non-work factors such as access to outdoor recreation, culture, food, and social activities compared to traditional job rewards (salary, benefits, prestige, and job mobility) hereafter called Location-Based Passions or LBPs. Analyzing surveys and experiments conducted on two sets of student respondents over six months, I find that job seekers will trade-off a definite amount of job-based reward and compensation in proportion to their interest in specific location-based activities based on hypothetical job offers of US $30,000 where they will give up 4.3% up to US $80,000 where they will give up 8.2%. Furthermore, when close to two or more of their LBPs the numbers increase to 5.4% at US$30,000 and 10.6% at US $80,000 and the data also holds when tested by a modified list experiment. This adds to the existing literature on productivity, compensation, happiness, and policy on talent attraction by showing a direct quantifiable relationship around how much job seekers are willing to trade-off to be close to their LBPs. This work also gives managers idea of what top job seekers value beyond work in their compensation and location, gives city planners an idea of what to focus on in talent and capital attraction beyond economic incentives, and gives investors an idea of what locations are specifically attractive to what kinds of talent beyond the resume.

Keywords: Salary trade-offs, non-work benefits, leisure, job-location.

Introduction and Theory

Imagine that you are once again a young, ambitious college or professional student working hard on completing your studies. Your top focus, professionally, is to find or move up in a job with high salary, prestige, and benefits to reward your diligent studies. At the same time, though, you value your leisure activities including those beyond family, and at some level must ask yourself the age-old question "Do you work to live or live to work?" For you, an economics major, your secret crush is savoring museums and live theatre in your scarce and precious free time. Now imagine that you are given two excellent job offers, one in a city renowned for its local culture with excellent art, music, and performances that pull weight on par with New York City or London and one in a humdrum metropolis where many residents would have a hard time differentiating Prokofiev over a pizza parlor, and who would probably prefer the thicker-crusted option. The catch, though, is that the salary and benefits of the job near your passions, even when adjusted for cost of living and other factors, is significantly lower than in the more philistine one. Which would you choose?

Cities fortunes are made and lost by the firms and talent they attract and the policies that drive this talent location decision. Incentives such as salary and benefits, however, can be widely duplicated but the deep natural DNA of a specific culture and landscape cannot. Take Boise Idaho, for example, "On Track to Become the Next Silicon Valley" according to a 2019 article in INC magazine.[1]At the heart of this is Micron, a

[1] https://www.inc.com/magazine/202002/emily-canal/boise-idaho-tech-startup-hub-2019-surge-cities.html

semiconductor memory leader and flagship firm founded and raised in Boise. Though the average salary at Micron is anecdotally lower than at its competitors, visit any climbing gym, road biking event, ski hill, or any number of outdoor sporting ventures and you are likely to run into more than one Micron employee who stays because they love the access to the mountains and the rivers as well as the small-city lifestyle.

Boise is not the only example. Previous to that, Portland Oregon, which as late as 1957 was cited by Life magazine of a hotspot of gambling and corruption[2], transformed into a tech center lead by Intel and known for its access to a livable downtown and amazing surrounding nature with GDP per person growing 50% between 2001 and 2012 or the fastest in the country (Miller, 2014). Another recent example is Greenwich, Connecticut, small-town global home to US $340 billion of the total of US $3.6 trillion in global hedge fund capital. Long ago know for both low taxes as well as disease-free environs, rolling hills, and lovely beaches, recent raises in local taxes have sent wealthy firms and individuals fleeing. However, as The Economist (2020) points out, Greenwich's "non-fiscal charms remain"[3] and housing prices are stabilizing, and new residents attracted. What is it, beyond money and benefits, that attracts and retains talented workers to certain locations?

2 https://atomicredhead-media.s3.amazonaws.com/wp-content/uploads/2009/07/Ellis-Portland-Vice1.pdf

[3] https://www.economist.com/finance-and-economics/2020/01/09/why-so-many-of-americas-financial-elite-have-left-greenwich

Financial and tax incentives for individuals and firms only have so much attraction and are easily duplicated and indeed tend to result in a counterproductive "race to the bottom" as has been described by Brace, Bruekner and others (Heider-Markel, 2014, p. 641). Here, I am interested in the question of how much do location-based amenities, whether cultural or natural, matter to job seekers and firms? For firms, investors, and city planners, what trade-offs will job seekers make in terms of salary will job seekers make to be close to these LBPs? How much do people value their leisure time as a function of their working time, how do people's appreciation of leisure relate to their choice in jobs, and how much will they actively seek out a job location that allows them to simultaneously enjoy their leisure while being in a place that facilitates this? And for city planners, what amenities do constituents actually value in a particular geographic area? Does every city large and small need a professional basketball arena, a world-class concert hall, and miles of mountain bike trails, or do locations tend to attract like talent who will trade-off more for some types of amenities than others?

Employee Motivations: Salary and Benefits

Historically, much work on employee attraction and compensation focused entirely on pay-based incentives (Lazear, 2000, Gneezy and Rustichini, 2000). A key aspect of this is how monitoring is put into effect (Lazear 1986) which both increases costs for firms and specifies specific economic outputs, and which may be at variance with the core strategy. As pay increases across organization size, performance also tends to increase with limiting factors on how performance factors are defined. In this study, I

will make fixed assumptions about pay, and look at what trade-offs job seekers will give up in exchange for varying access to their stated LBPs.

Multiple studies have found that beyond a basic salary, personal satisfaction tends to increase more slowly as one moves up the salary scale and that other, intrinsic needs are more cherished. Ting (1997) looked at 30,038 Federal employees (excluding senior executives at GS 16 and above) and found that in general employees were neither satisfied nor dissatisfied with their incomes, and as their pay grade rose they tended to look for other forms of compensation such as friendship and work that made a contribution (p. 324). Thus, workers find other activities and benefits higher on the hierarchy of needs (Maslow, 1954) more valuable as they more up the pay scale. This line of thinking has lately started research around the idea of a "happiness salary" that I explore more in the third essay.

Above pure salary, the use of benefits has also been widely studied. Rosen (1976) has surveyed the theoretical and empirical literature and suggests that employees will self-select into jobs that offer the benefits that they value the most creating a dynamic labor market driven by interests beyond salary. Oyer (2008) looks at the attractiveness of employer-provided meals, child-care, dental insurance, health insurance and other benefits to develop a model showing that larger employers, taking advantage of economies of scale, can add economic value to workers lives by acting as a buyers club (p. 5) and that these benefits are often related to their specific industry (for example, health insurance at an HMO or reduced tuition at a University) compared with people

making these purchases entirely on their own. At the same time, he adds in individual search costs for benefits to his model which are important insofar as they are a sunk cost in any benefit a firm might offer. Oyer's work also suggests that job tenure is related to workers' level of satisfaction with benefits, and that workers who are satisfied with their level of benefits tend to stay in jobs longer, this reducing search and turnover costs for new talent (p.16). Thus, in a world where employees focus only on salary and benefits, individuals will flock to the jobs that provide the most compelling salary and benefits packages. Given the rise of employers locating in smaller cities, often with lower salary and benefit packages, however, it appears a singular focus on salary and direct benefits misses key components that drive employee decision making and is often impractical for firms and cities with lower resource levels. In this essay, I will LBPs as one of these lost components.

I add to this literature by considering proximity to an LBP as a kind of benefit to job seekers. Proximity to LBPs has many of the same spillover benefits and dynamics of economic clusters including access to networks and skills, increased opportunities, better infrastructure around the activity, and lower transaction cost (Marshall, 1920, Krugman, 1991, Porter, 2000, Marr and Jones, 2008). In this paper, I test for twenty LBPs grouped around outdoor activities (mountain biking, skiing, climbing, camping, hiking), cultural activities (museums, public parks, concerts, sporting events), food and drink (pubs, wine bars, clubs, fine restaurants), and congregation activities (religious communities, alumni communities, clubs). All of these LBPs exist outside of firms proper as they are assets of the community and/or the landscape and are in my model within easy access of

hypothetical job choices. Therefore, they are by definition a positive economic externality to job seekers with a high degree of passion for a specific LBP. Also, I show that LBPs are both diverse and often come in pairs rather than as a single passion and often crosses categories (such as camping and fine dining), meaning that cities need to be more than mono dimensional. Knowing and catering to these LBPs is crucial to attracting and retaining a strong workforce.

Employee Motivations: Work culture and motivation

There is a vast body of literature regarding how employees are motivated and how that relates to performance and retention going back to Maslow who believed that the people are usually both partially satisfied and partially unsatisfied in all of their wants (Maslow, 1954). McClelland posited that people are motivated by achievement, power, and affiliation, and that the action is often more important than the result (1961). Further research has argued that differing combinations of these motivators result in varying ability to manage (Kreitner and Kiniki, 1998). Equity theory is based on the idea that people are motivated by what others have beyond their intrinsic desires (Adams, 1965). Herzbeg argued that "motivators" such as achievement, recognition, the work itself, responsibility, advancement, and growth, drive positive results and "hygiene" factors, such as company policies, salary, coworker relations, and supervisory styles drive negative results and that managers should steer a course between them (1966). Additionally, there is a growing literature on the relationship between personal characteristics and job satisfaction as well as non-work aspects including social comparisons (Berkowitz, Fraser, Treasure, and Cochran, 1987), intrinsic motivation

(Benabou and Tirole, 2003), and determined efforts by human resource departments (Ichniowski et. al., 2003) to enact optimal workplace motivation and retention strategies. Here, I look specifically at LBPs as motivators and drivers in job-selection.

Beyond work there is the notion of a "calling" in an occupation dating back to the writings of Martin Luther and the Protestant revolution in Europe and beyond (Berg, Grant, and Johnson, 2010). Sociologist Robert Bellah found that a "calling"-type occupation increased self-reported higher life, health, and job satisfaction, along with lower absenteeism than job- and career-oriented respondents (1985), and this definition has been expanded to a more secular one in which people are pursuing their non-work goals (Wrzesniewski et al. 1997). Berg, Grant, and Johnson did an in-depth case study analysis of thirty-one professionals and found that those with more connection between their job and their calling- including leisure-related pursuits- had higher satisfaction and lower likelihood of turnover (2010). I believe that passions are similar to callings in their nature and will help drive similar effects as we see with the trade-offs studied in this paper.

Recently, scholars have begun to take a deeper look at what is called the "Work-Leisure Conflict" between work and leisure (Knecht, Wiese, & Freund, 2016; Simmons, Mahoney, & Hambrick, 2016). Successfully juggling this conflict can be described as a good balance between roles at home and roles at work and is a key aspect in maintaining performance and mitigating employee turnover. The problem is that according to scarcity theory, individuals have only a fixed amount of time and energy to divide between work

and leisure (Greenhaus & Powell, 2006). Staines and O'Connor (1980) found that workers with high time-dependent leisure commitments (to attend concerts, plays, movies, or parties) had high levels of leisure-to-work conflict and a lower amount of time and energy to devote to work. Too much work-leisure conflict can also lead to a lower level of leisure satisfaction, creating a negative feedback cycle oin which neither work nor leisure is optimally enjoyed (Ellis & Witt, 1986; Brown, Brown, & Powers, 2001). In my theory, physical proximity to LBPs is thus important as it will require fewer resources (time, energy, and money) to enjoy them and successfully manage this leisure-to-work conflict.

Lower satisfaction, in turn, makes it is more difficult for employees to complete their work, leading to lower job satisfaction (Zopiatis, Constanti, & Theocharous, 2014). Lin, Huang et al. (2014) and Lin, Wong et al. (2013) found this work–leisure conflict leads to job burnout and has a negative impact on employees' well-being in hospitality and tourism industry. Conflicting work and leisure demands often present individuals with mutually exclusive dilemmas- should I see a play or attend the meeting? (Lin et al., 2013). Tsaur et al. (2012) demonstrated that leisure-to-work conflict can exacerbate the inability of an individual to concentrate on work due to "preoccupation with a specific leisure activity or the sense of frustration and feeling of pressure experienced during the engagement in leisure activity being brought into the workplace" (Tsaur et al., 2012 p. 57). Tsaur & Yen (2018) found that in Taiwan there is the highest conflict between pre-occupation with work and leisure for millennials, a middle level for Gen-Xers, and the lowest for Baby Boomers indicating that there is a generational aspect to this dynamic as

well. In my sample in this study, in Spring of 2019 of 507 respondents the average age was 23.1 with a one-tailed standard deviation of 7.1, and in Fall of 2019 of 465 respondents the average age was 21.5 with a one-tailed standard deviation of 5.2. The dataset in this paper is squarely within the millennials, and as the workers of the future this is an important dilemma to be studied.

This study allows us to focus on exactly how much personal interest, as measured in a proxy through passion for location-reliant leisure activities or Location-Based Passions (LBPs), is worth to job seekers and exactly what the relationship between a job's location and a person's passions is. In other words, this work gives insight into both the quantitative trade-offs job seekers will pay to play, and give clues to managers, investors, and local city leaders and policymakers about how much they can use these passions to "play cupid" in matching talent to jobs in particular locations with unique resources.

Employee Benefits: The cost of leisure

Another way of looking at leisure is to define it as a kind of opportunity cost (Connoly, 2008), which begins to get at the idea of pricing leisure vis a vis other, particularly work-related opportunities. There are several ways of defining leisure, and leisure researchers usually choose one of three different ways of defining the phenomena they are studying. Leisure is seen as discretionary time left free from obligations the pursuit of freely chosen recreational activities, or time spent in activities that provide intrinsically rewarding experiences (Neulinger, 1974; Iso-Ahola, 1980). Spending time,

energy, and resources indulging in one's LBPs then fits all three definitions of leisure particularly as I am only looking at self-defined top passions to meet the "intrinsically rewarding" qualification.

People engage in their off-work passions because they enjoy them, which ostensibly contributes to happiness as well. The idea of valuing experiences as a key element to developing the human spirit and experience goes as far back as Friedrich Wilhelm Hegel's *Phenomenology of the Spirit* (Popkewitz & Fendler., 1999). There is also an increasing literature that finds that happy workers will also be more productive workers (Bellet, de Neve, Ward, 2019). I add to this literature by examining exactly how much job seekers value proximity to their LBP, and this has strong implications both for firms as well as policymakers in the cities that wish to attract these firms and talent.

A further factor is the cost of commuting time. So Orazem, So & Otto (2001) look at the relationship between housing prices, salaries, and commuting time and find a positive relationship based on work commutes, and thus it is established that communities can reap positive macroeconomic benefits by reducing the time spent commuting to a job. There is further evidence in this in the widely noted economic migration over the past few decades closer to city centers. Thus, there is a clear value in having shorter travel time to what people enjoy as LBPs as well as to their jobs.

Gaining insight into how much job seekers are willing to pay to play also helps further the literature on the question of whether people follow jobs and amenities (Clark

et. al., 2002), jobs follow people and particularly creative people (Florida, 2019), or more likely whether the answer is found in a nuanced and place- and resource-dependent balance between these two polemics (Grant, 2014). Little research that I am aware of has focused on specifically quantifying how much individuals are willing to sacrifice in terms of job benefits for their leisure, and this research contributes to the literature by giving economic attraction policymakers and hiring managers a rubric and a tool for concretely assessing how much or how little specific cultural or geographic aspects of certain locales might attract specific types of talent as defined by their LBPs, and what they can do to promote and strengthen these aspects. Furthermore, this research strengthens the link between specific types of personalities and corresponding places and describes a "natural fit" between individuals and places they are likely to stay.

Flaunt it and they will come instead of Build it and they will come

On a local level, where resources are increasingly scarce and competitive, the question of why policymakers should pursue specific economic attraction policies becomes ever more pragmatic. All policies are either distributive, redistributive, regulatory, or constituent and hence tend to have a strong economic bent. Economic development involves a distribution of new resources, as in the discovery of some new means of production or asset or the redistribution, as in a foreign plant relocating or a grant issued to a locality. In the U.S. context then as Paul Brace notes in his study on State Economic Development "at a most fundamental level, federalism places states in economic and political competition with one another" for a finite set of resources and talent (Haider-Markel, 2014, p. 644) Brace hits the nail on the head by tying how local

political leaders fortunes' are intimately tied (particularly in democratic systems where leaders are elected) to the economic fortunes of their constituents and tend to favor making investments that will reap quick political gains rather than looking at the long-term costs. As Brace notes, "Economic development policy is more political than economic." However, even this pessimistic logic seems to favor investing in LBP amenities that locals prefer, rather than taking a policy diffusion-type approach (Shippan & Volden, 2008) and copying the neighbors.

Businesses- particularly global businesses with the ability to locate and relocate across a wide swath of geographies- are well aware of this dynamic and tend to play competing localities off each other (Marr and Jones, 2008) and come to "expect that they will receive (favorable business arrangements)" (Markel, p. 660), creating what Bruekner and others have described as a "race to the bottom" (p. 661) in policy as business skim these externalities created in their favor at the expense of local taxpayers and often leave once they are exhausted. Beyond the U.S. in an authoritarian model, local Chinese economic policymakers tend to chase GDP and development targets set by their superiors often leading to wasted resources and decimated environments that have to be cleaned up later as well as an exodus of top local talent to greener pastures in other cities and abroad (Marr and Jones, 2008). In my view, savvy local leaders should not only be aware of this but change the game in their favor by playing to their unique strengths in order to use local resources wisely and attract and retain talent who are there for love in addition to money.

In my view, what will not lead up to a race to the bottom but rather to a collective gathering of our best selves is to find what Adam Smith long ago described as “absolute advantage” based on the ability of a group of people to produce more output under any circumstances.The clever policymakers of the future will not “build it and they will come” but find exactly what makes their own locales special enough that those who come will want to come and to stay, whether it is to mountain bike, to eat excellent pizza, or to view a tranquil prairie sunset. In this paper, I fill the gap in the literature between LBP motivations and salary expectations.

Theoretical Models

I have constructed two models to map the job-making decision process. In the first, a job seeker looks at four job offers without considering LBPs. The decision process would look like this:

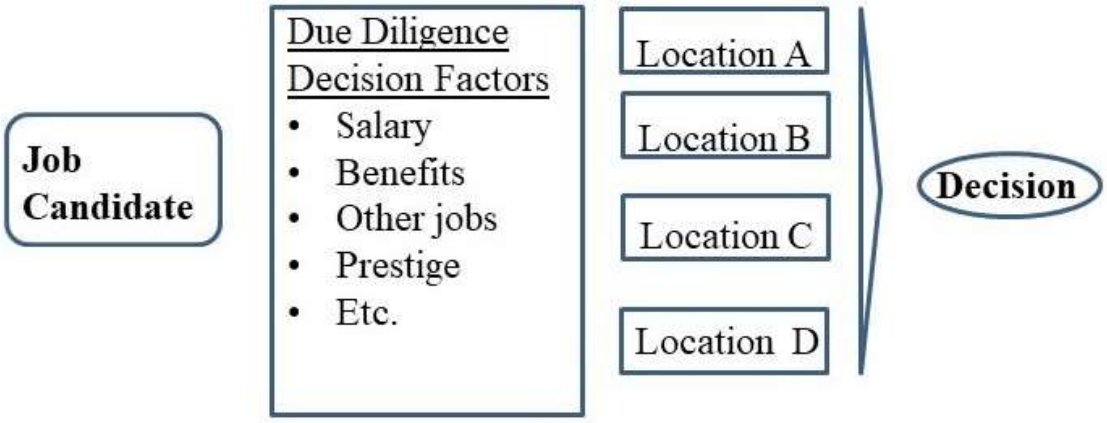

Figure 2.1 Job Decision Making Model without LBPs

In the second, another four offers are presented but their particular LBP is also taken into consideration. Thus, the model becomes as such:

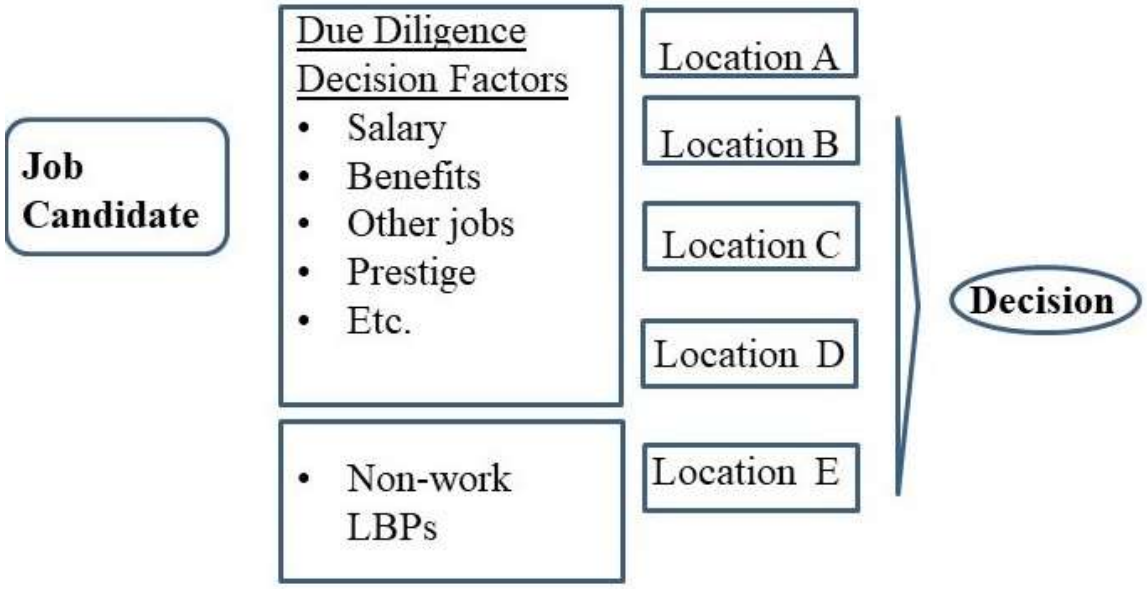

Figure 2.2 Job Decision Making Model with LBPs

An experimental study of LBPs and trade-offs

Definition: Location Based Passions are leisure activities enjoyed in a singular and specific physical geographic place whose experience relies on knowing, understanding, and mastering the unique qualities and characteristics that define it.

In this study, I look at the economic trade-offs hypothetical job seekers will take for hypothetical jobs which both do and do not give easy access to their preferred leisure activity dependent on unique locations which I call LBPs, or Location Based Passions. LBPs, which rely on the physical geography of the place people engage in them in, are very important for several reasons.

First, they are accessible in proportion to the culture and natural assets of a certain place, such as outdoor sporting activities, museums and galleries, active religious communities, and restaurants and bars, as well as their local concentration and development and ease of access. As such, I did not include "portable" activities (such as video games, watching Netflix, or reading novels) nor did I include non-leisure activities such as access to education or medical care. I excluded more generic location-based passions which are widely available and relatively standardized in developed countries such as shopping malls, indoor gyms, and chain restaurants. I also did not include highly individual considerations, such as proximity to family and friends as these are defined by individual choices and circumstances rather than by policy, entrepreneurship, and geography.

Table 2.1 Characteristics of Location-Based Passions (LBPs)

	Place Characteristics	Culture Characteristics	Participant Characteristics	Amenity Characteristics
LBPs	- Unique - Single location - Needs place	-Inclusive -Networked -Rules implicit - Skill/background/ belief based	-Leisure time -Willing -Networked - Find through specific information	-Specific venues -Singular access
Non-LBPs	- Not unique - Multiple location options - Does not necessarily need place	- Non-inclusive - Not necessarily networked -Rules not necessarily implicit - Not necessarily skill/background/ belief based	-Not necessarily leisure -Not necessarily willing -Not necessarily networked -Find through general information	-May or may not require venue - Multiple points of access or not an issue

In this essay, I look at a wide range of LBPs ranging around culture (including access to museums, galleries, concerts, and live theatre), food and drink (ranging around trendy restaurant districts, brewpubs and wineries, and nightlife), community and religious (such as specific church groups, alumni gatherings, and ethnic communities), and outdoor sports (all the way from skiing, mountain biking, camping, and climbing to fly fishing, and hunting).

Second, as engaging in these location-based passions takes time and effort and requires traveling to a physical location to participate, we can assume there is a opportunity cost that is related to the ease of access. Third, as these LBPs are relatively

unique to a specific geographical location, they can be thought of as being part of the geographical DNA of these places and add to their unique attractiveness to certain individuals. Ceteris paribus, job seekers will tend to take jobs that put them closer to what they enjoy in life and will make concrete economic trade-offs in exchange for this access in direct relation to their individual level of passion for their chosen LBPs. The key question, therefore, is how much are job seekers willing to pay to play?

Hypothesis

Based on these models, I have a series of hypothesis about how job seekers will behave based on their individual passions.

H1: Job seekers will, ceteris paribus, choose to work in a city with easy access to their stated non-work passion over one without.

This is a straight-forward, non-controversial hypothesis. With all things being equal, individuals should choose a job location with access to their LBP rather than one without. However, it is important to demonstrate that LBPs play some role, at minimum serving as a tie-breaker between otherwise equally attractive opportunities.

H2: Job seekers will, ceteris paribus, accept a self-defined lower salary to work in a city with easy access to their stated non-work passion over one without.

However, my theory suggests that LBPs should play a role beyond simply breaking a tie in decisions between equally attractive jobs. Importantly, those with LBPs

should be willing to make a material trade-off to be closer to those LBPs. This trade-off is a proxy measure of the externality price each individual will pay for their LBPs. I predict that individuals will make a clear and quantifiable economic trade-off, in terms of accepting a lower salary from a firm in proximity to their LBP, compared to one that is not.

H3: Job seekers will, ceteris paribus, accept an even lower self-specified salary than in H2 to work in a city with easy access several of their stated non-work passion over one without passions, or one with access to only one LBP. I expect these trade-offs to diminish as the number of proximate LBPs increases.

My next hypothesis is that many people have multiple and often unrelated LBPs, and will be willing to make larger trade-offs to have convenient access to several of these LBPs. This will make a hypothetical city choice which captures more of job seekers' intrinsic passions more attractive than those that capture only one.

H4: Individuals will make trade-offs in relationship to the degree of their passion for an LBP.

Here, I look at the level of stated passion for an LBP, as measured on a Likert scale from 1 (extremely high) to 5 (extremely low), and theorize that individual job seekers with a passion level close to 1 will make larger marginal trade-offs than others with a linear effect based on level of passion.

H5: Regardless of starting salary, job seekers will make some economic trade-offs for easy access to their LBPs with trade-offs increasing with higher starting salary.

Finally, I look at how the actual amount of starting salary affects job seekers willingness to make trade-offs for the LBPs and whether this effect disappears at lower than an expected starting level. I hypothesize that even at a very low level of hypothetical starting salary— significantly lower than expectations—that job seekers will still make some level of trade-off to be close to their LBPs.

Methodology

In Spring of 2019, I surveyed 506 Boise State University undergraduate and graduate students with questions regarding their passions, their preferred choice of city type, and various trade-offs they would make between passion and work. Respondents were roughly equally distributed across Freshman, Sophomore, Junior, and Senior with 7.3% graduate students studying mostly political science (25%) and business (24%) and identified as working either part-time (41%) or full-time (26%), and as 61.3% female and 38.3% male with 77.1% white and 13.2% as Latino/Hispanic. 91.6% were born in the United States. 38.8% grew up in "A mid-size city (like Boise, Fresno, Salt Lake City, Tucson)" 24.1% in "A small city (like Pocatello, Fort Collins, Modesto, Wenatchee), 19.5% in" A small town (population under 50,000, over an hour's drive from a mid-size or larger city)," 12.8% in "A large city (like Seattle, Portland, San Francisco)," and 4.9% in "A mega city (like New York, Los Angeles, Chicago) ." All respondents were given a

hypothetical starting salary of US $80,000 for the job options in this first survey, creating a kind of "dream job."

In Fall of 2019, I conducted a second survey with a similar demographic set of 451 students (55.9% female and 43.9% male) and varied the hypothetical starting salary between US $30,000, $50,000, and $80,000 in a randomized sample. This was largely because I was concerned that I had set the initial starting salary at an unreasonably high number for many participants compared to what actual options would be upon graduation. Participants were also asked "What would you consider to be an adequate starting salary (annually) for a full-time job when you graduate?" to which the mean response was US $51,074 which is on par with the average starting salary from the College of Business and Economics at Boise State of around US $45,000.[4]

Participants were then asked to rate their level of passion for the top five of the twenty given leisure choices on a Likert scale ranging from 1 for "Extremely interested, try to participate or do often and would participate even more if access were easy" to 5 for "Low level of interest, almost never participate." Analysis is done for the top three passions for each respondent.

Here, we find in the sample that respondents are passionate about the twenty LBP choices given to them. 31.2% in Spring 2019 and 30.0% in Fall 2019 responded that they were "Extremely Interested, go out of my way to participate as often as possible, and

[4] Data from Boise State College of Business and Economics Career Services

would participate even more if access were easier" in their top-stated LBP. 41.0% in Spring 2019 and 44.4% replied they were "Very interested, try to do or participate often and would participate much more if access were easy" in their top-stated LBP. Only around 5% of respondents in both studies had "some interest" or "low interest," indicating that most people have a high level of passion for around two particular LBPs.

Furthermore, interest is also very high in their second-stated LBP. 21.0% in Spring 2019 and 21.8% in Fall 2019 responded that they were "Extremely Interested, go out of my way to participate as often as possible, and would participate even more if access were easier" in their second-stated LBP. 45.3% in Spring 2019 and 44.5% repied they were "Very interested, try to do or participate often and would participate much more if access were easy" in their second-stated LBP. Therefore, most respondents in the survey have two clear LBPs and that targeting both is more valuable than only focusing on the top interest.

Table 2.2 Levels of Interest in Top Stated LBPs, Spring 2019 and Fall 2019, Percent

	Spring 2019	Fall 2019
Extremely Interested Top Passion	31.2	30.0
Extremely Interested Second Passion	21.0	21.8
Very Interested Top Passion	41.0	44.4
Very Interested Second Passion	45.3	44.5
Interested Top Passion	22.8	20.9
Interested Second Passion	26.8	26.5
Some Interest Top Passion	4.39	3.5
Low Interest Top Passion	.63	1.4

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019.

Next, in Table 2.3 I analyze the breakdown of passions by grouping of LBPs by activity type. In both Spring and Fall of 2019, there was a fairly even distribution among the passion groupings with Outdoor Activities being most popular in all cases. Cultural

LBPs, such as concerts and plays, museums and galleries, and live sporting events were second closely tied with Food/Beer/Wine LBPs such as bars and clubs, brewpubs, wineries, and distilleries, restaurants, and organic/high-end/ethnic food stores. Gatherings such as alumni events, clubs, religious activities, and local ethnic community gatherings were less popular but still come in the 8-9% range.

From Table 2.3 we can take away several insights. First it should be noted that Outdoor sports also constituted 9 of 20 choices, so the sample was somewhat weighted to those choices: the highest single LBPs were Live Sporting events (11.9% Spring 2019, 13.8 % Fall 2019), Restaurants (12.7% Spring 2019, 12.7% Fall 2019), and Concerts and Plays (10.8% Spring 2019, 11.1% Fall 2019), all grouped under Culture with Camping the highest ranked Outdoor at 10.0% in Spring 2019 and 9.5% in Fall 2019, so part of this skewness may be based on the number and granularity of outdoor choices in the survey versus the rest. Second, there is a good distribution of different types of passions so it is not possible to say even in the light of the high Outdoor weight that this sample is only interested in outdoor sports. Future research on other populations, perhaps in more "Foodie" and "Cultural" areas such as Chicago, New York, or Boston would yield different mixes but likely the same level of passion for a similar set of LBPs (e.g. camping would likely be less popular in more densely urban areas, and visiting museums and galleries more). Third, outdoor sports are popular in the Boise University sample, most likely because Boise is known as an outdoor sports and activity center and "like-attracts like." Finally, in many cases respondents' top two LBPs were in differing categories (for example, one in hiking/trail running and the other in brewpubs/wineries).

This is important when seen in the stronger results of focusing the top two LBPs described later, as cities may have to focus on more than one category to attain the full LBP effect

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Table 2.3 LBP by Category, Spring 2019 and Fall 2019, Percent

	Outdoors SP 2019	Culture SP 2019	Food/beer/ wine SP 2019	Groups and Events SP 2019	Outdoors FA 2019	Culture FA 2019	Food/beer/ wine FA 2019	Groups and Events FA 2019
Top Passion	38.4	23.6	21.3	9.9	38.5	25.7	20.6	8.2
Second Passion	37.0	23.3	24.0	8.9	39.2	23.8	20.4	9.5
Third Passion	35.1	24.8	25.6	7.6	34.5	27.4	23.8	7.0

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019.

In terms of political ideology, the samples are quite balanced. In Spring, 2019, of 503 responses 18.1% identified as “Liberal” and 14.1% as “Conservative,” with 16.5% as “Somewhat Liberal,” 19.3% as “Middle of the Road,” 15.9% as “Somewhat Conservative,” and only 6.2% identifying as “Very Liberal” and 3.0% as “Very Conservative.” In Fall 2019, of 443 responses 16.7% identified as “Liberal” and 16.9% as “Conservative,” with 14.5% as “Somewhat Liberal,” 19.6% as “Middle of the Road,” 11.3% as “Somewhat Conservative,” and only 7.2% identifying as “Very Liberal” and 5.9% as “Very Conservative.” Thus, this sample goes against the narrative of “liberal college students” and presents a balanced view, particularly when taken with the

balanced passion for LBPs. There is no statistical relationship in either case with party ideology and passion for LBPs, indicating a balance. Thus, from a policy perspective LBPs may be one underexplored area for bipartisan action on local policy which I discuss in detail in the third essay, "Clusters in the Wilderness."

While there are often concerns about drawing inferences from samples of undergraduate students, they serve as an especially useful sample for this line of research. First, most individuals who relocate for job-related reasons are college graduates. For example, in 2006, Collegegrad.com, then a top-ranking job site for recent graduates, found that 91% of recent college graduates would be willing to relocate for a good position[5]. I believe that college students are a good sample for this research as all of them are or will soon be seeking employment and thus constitute a good sample of the potential labor market we are examining in this study. College students will soon be seeking employment, and for the majority of these students, their first job after graduation will mark their start in their professional field of choice. Therefore, undergraduate students represent a strong sample of the entry-level labor market that many firms are competing for. Full details of the demographic characteristics of these two samples are available in Appendix 1.

[5] https://collegegrad.com/press/relocate

Results

First model: simple binary choice (H1)

In this first model in the first sample, participants were asked a simple choice question of "Now assume you have several offers of your dream job in your desired field. You are offered a $80,000 annual salary with great benefits, which you consider to be a great offer. Please assume that the cost of living is exactly the same in each location. You are given a choice of two offers in two different cities, with the above salary and benefits. City one has easy access and a local network of participants for (Participant's top stated passion) and city two does not have this access. Which job would you choose?"

In this simple model H1 is very strongly supported as 464 of 481 respondents (96%) chose city one, the city with easy access to their location-based leisure activity of choice. This was corroborated in the second study with 422 of 437 respondents (97%) again choosing city one. This, though not surprising, is important as shows that job applicants will overwhelmingly choose cities with more benefits (in the case the positive externalities of the LBPs) over those with less. It also sets a baseline for establishing exactly how much job applicants will value the trade-off of proximity to one or more of their LBPs.

Table 2.4 Salary Trade-offs for Proximity to Passions, US$

Base Salary	**Spring 2019, $80,000**	**Fall 2019, $80,000**	**Fall 2019, $50,000**	**Fall 2019, $30,000**
Mean salary reduction for top passion proximity	$6,554.26	$7,122.50	$4,576.30	$1,297.06
Mean salary reduction for second passion proximity	$8,449.00	$9,893.22	$5,336.94	$1,676.43
Accepted mean salary with two passions	**$71,551.00**	**$70,016.78**	**$44,663.06**	**$28,323.27**

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019.

Second model: marginal salary differences between presented hypothetical job options with top passion (H2)

In the second model, participants are asked to begin to value trade-offs between salary and easy access to their leisure-based activity of choice. Again, they are given a base job offer in one hypothetical city and then in the first study asked "How much less than US $80,000, if any, salary would you accept to take a different job in another city with easy access and a network of participants for (participant's top stated passion)?" They were then asked to write in a lower numerical amount, if any.

H2 is strongly supported by this question. The mean respondent stated that they would accept an 8.2% salary reduction of $6,554.26 to accept a salary of $73,445.74 to be close to their top stated passion.

However, this effect could be a function of something similar to the endowment effect (Kahneman, Knetsch and Thaler 1991), where individuals have received much more money as a salary than expected and are therefore more willing to give it up. To this end, in the second study, I randomly assign participants to make this decision at one of three different levels of starting salary ($30,000, $50,000, or $80,000 annually) to see if this effect is driven wholly by the endowment effect, or if it holds at more reasonable starting salaries.

In the second study with a much-reduced hypothetical starting salary of US $30,000 (well below their expected mean of US $47,000), H2 is still well-supported with a mean of $28,702.94 or 4.3% and a standard deviation of US $3,461.83 (also supporting H4). Furthermore, the results also held for a hypothetical salary of US $50,000, further supporting H2 with a mean of $45,433.70 or 9.1%, and again at US $80,000 in the second dataset with a mean of $72,877.5 or 8.9%.

Third model: marginal salary differences between presented hypothetical job options with top passion two or more passions (H3)

Participants were then asked how much lower of a salary would they accept to work in a city with access to their first and second top-stated passions.

H3 is supported by this result at US $80,000, as the mean respondent now states that they will accept a 10.6% salary reduction of $8,449 to a salary of $71,550 to be close to both their first and second top stated passions. Again, in the second study H3 remains strongly supported at US $30,000 with a mean of $28,373.57 or a reduction of 5.4% in a US $30,000 salary with a standard deviation of $4,028.90. In the second study at US $50,000, H3 is also supported with a mean of $44,643.06 and a standard deviation of $17.541.20, and at US $80,000 at $70,910.78 or 11.4%.

Participants were then asked how much lower of a salary would they accept to work in a city with access to their first, second, and third top-stated passions. Results are similar to the previous question with respondent now stating that they will accept a 10.6% salary reduction of $8,446 to a salary of $71,550 to be close to both their first, second, and third top stated passions. Again, in the second study respondents with $30,000 in salary would reduce to a mean of US $28,055.11 and with US $50,000 a mean of $44,005.63 and at US $80,000 to US $70,911.50 which is nearly identical to their mean trade-off with two passions at $70,910.78.

When asked beyond the top three stated passions, the decreased marginally accepted salary quickly goes to zero beyond the second passion indicating that most respondents in the sample have two or at most three LBPs. Furthermore, in both cases, many respondents would not take any salary reduction at all or a very minimal one of $500 or less. This indicates that there is also a significant group of people who *do* value salary above all, and therefore using scare public resources to build amenities for them is most likely not an efficient use of public capital.

The key takeaway here is that job seekers will, on average, give up salary to have easy access to their LBPs, and that being close to two LBPs has a significant increase over only one. Beyond two, the effect starts to fade. This effect holds regardless of starting salary. Whether it is a pie in the sky dream job or merely getting by, people are willing to pay to play.

Fourth model: relationship between degree of passion and amount of salary trade-off (H4)

For the next model, I look at the relationship between the mean accepted salary reduction for respondents' top passion and their level of passion as measured by the Likert scale in the questionnaire.

Table 2.5 The Price of Passion

The Price of passion	Spring 2019 Salary Acceptance ($80,000)	Fall 2019 Salary Acceptance ($80,000)	Fall 2019 Salary Acceptance ($50,000)	Fall 2019 Salary Acceptance ($30,000)
Salary reduction for top passion	-376.49* (198.51)	-1051.66+ (761.21)	97.16+ (302.00)	149.20+ (363.22)
Constant	74564.51*** (674.68)	80898.85*** (3048.821)	48236.45*** (1246.68)	28680.98 *** (1496.63)
N	478	144	146	135
R2	.01	.01	.00	.00
Salary reduction for top two passions	-522.87* (247.94)	-1037.91* (807.57)	-913.60* (466.83)	94.67+ (331.08)
Constant	72944.23*** (804.11)	80237.25*** (3184.93)	44499.67*** (1778.07)	28019.88*** (1321.55)
N	478	139	142	134
R2	.01	.02	.03	.00
Salary reduction for top three passions	835.0503+ (911.05)	-680.16+ (997.55)	-810.50+ (503.67)	-75.5791+ (356.58)

Constant	71838.60*** (3599.36)	76247.89*** (3455.60)	43547.27 *** (1840.42)	27877.48*** (1324.36)
N	478	139	145	136
R2	.00	.00	.02	.00

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

In this analysis, there is some support for H4 that the height of passion is positively correlated with a lower salary acceptance, especially when the top two passions are considered. In a number of the models, especially in the smaller groups tested in the Fall 2019 sample, there was no statistical significance shown. Still, these more ambiguous results also give further support for H1, H2, and H3 and in no statistically significant case contradict them.

Fifth model: Modified list experiment on wallet of hypothetical choices (H1, H2, and H3)

In order to reinforce these findings with a different method than a hypothetical salary, I employed a modified list experiment on both of the samples. In this experiment, I used a control group which was asked only the work-related options and treatment groups asked to factor in their first, second, and third individual LBPs. The list experiment provides another way of finding respondent's sensitivity to LBPs without directly asking all in the sample. For example, Dalton, Wimbush, and Daily (1994) concluded that list experiments provide statistically accurate estimates for both non-sensitive (such as LBP) type questions as well as sensitive questions around race, gender, or in this case salary.

For the fifth model, the sample was divided into four randomly assigned groups. Participants were presented with a hypothetical job offer that they were interested in, and then given a "wallet" of 100 points and asked to assign these points to reflect how much they weighed various factors in their hypothetical job-finding decision making process. In the control group, participants were asked to assign the 100 points towards each of the following weights:

- Salary and benefits
- Quality of firm
- Access to other local jobs in or outside of the firm
- Cost of living

In first treatment group, another choice was added in, "Ease of access to (participant's passion of choice.)" In the second, they were asked to assign for "Ease of access to (participant's first and second passion of choice)." In the third, they were asked to assign for "Ease of access to (participant's first, second, and third passion of choice. "In all four groups, total assigned points must add up to 100. I did not control for inertia effects of where participants were currently living as they were given an assumed choice of mobility in the models and the diverse nature of respondent's backgrounds should net this out.

Tables 2.5 and 2.6 show how the added personal passion treatment significantly affects job seeker's allocation of choice to their passions over more pragmatic and economic qualities via a difference of means test compared to the highest ranked, salary.

Participants clearly allocate some of their precious resources to having access to their first, and even more their second, passion of choice.

Table 2.6 Job decision allocation with and without access to passion, Spring 2019

	One Passion	Two Passions	Three Passions
Salary Control (no passion option)	43.0 (1.39)	43.0 (1.39)	43.0 (1.39)
With Passion	39.7 (1.44)	35.0 (1.44)	37.96 (1.61)
Difference	3.27 (2.00)	8.02 (2.00)	5.06 (2.13)
N	241	240	241
T	1.64	4.01	2.38
p (two-tailed)	0.10	0.0001	.0181

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019. Table entries are means for each group with standard errors in parenthesis. Differences are the difference of means between each group, with statistical testing done by a two-sample t-test.

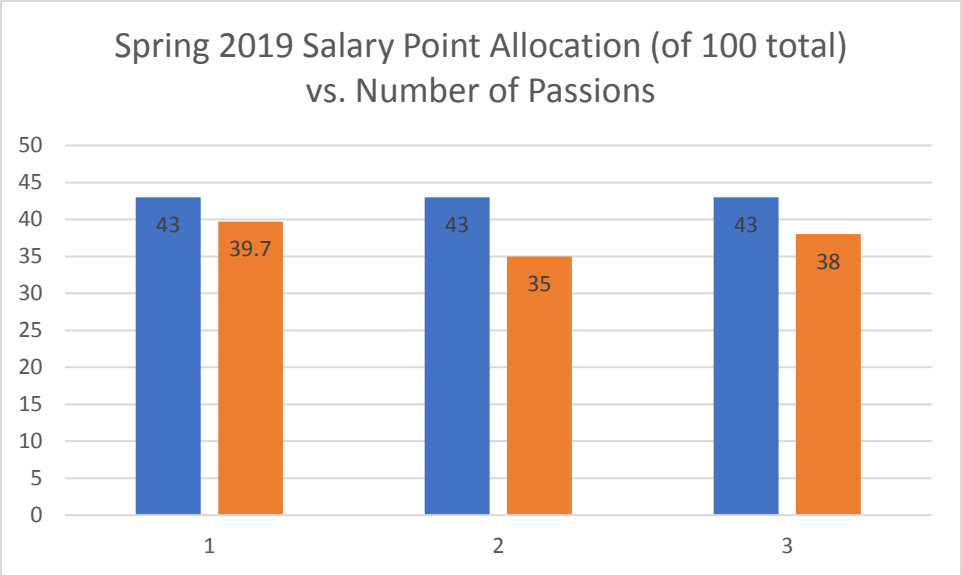

Figure 2.3 Spring 2019 Salary Point Allocation

Table 2.7 Job decision allocation with and without access to passion, Fall 2019

	One Passion	Two Passions	Three Passions
Salary Control (no passion option)	43.3 (1.35)	43.3 (1.35)	43.0 (1.35)
With Passion	38.20 (1.48)	36.5 (1.30)	34.55 (1.45)
Difference	5.13 (2.00)	6.79 (1.87)	8.78 (1.98)
N	216	215	215
T	2.57	3.63	4.44
p (two-tailed)	.006	0.0002	.0000

SOURCE: Boise State Student Surveys, Spring 2019, Fall 2019. Table entries are means for each group with standard errors in parenthesis. Differences are the difference of means between each group, with statistical testing done by a two-sample t-test.

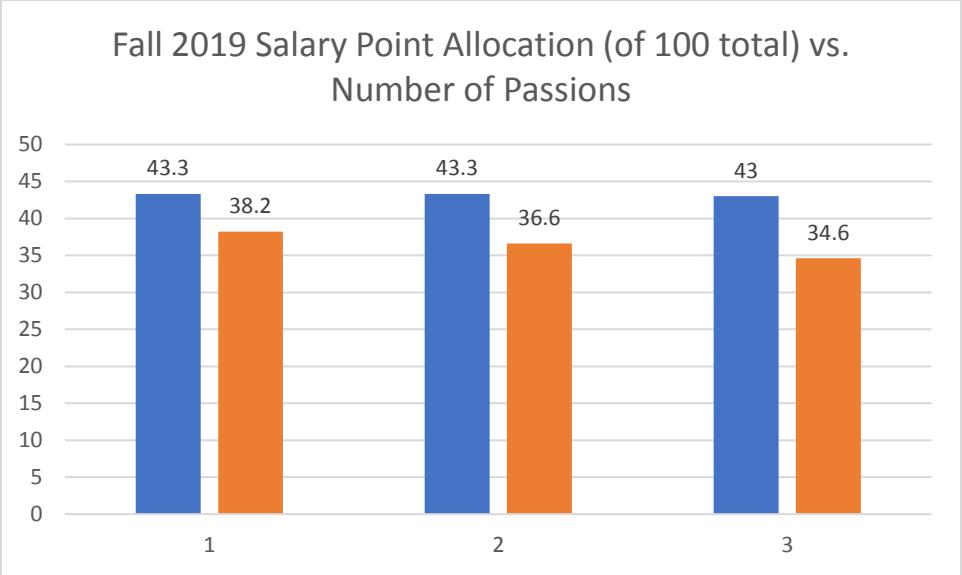

Figure 2.4 Fall 2019 Salary Point Allocation

Thus, as in each case the respondents allocate a significant number of points to LBP at the expense of salary. H1, H2, and H3 are all supported by this list experiment due to both the differences in means and to the significant p value in each.

H1: Job seekers will, ceteris paribus, chose to work in a city with easy access to their stated non-work passion over one without.

When tested for proximity to one, two, or three passions, participants on average would allocate between 3 and 8% of "points" otherwise directed into attaining a higher salary into proximity to LBPs. This supports H1 in both the Spring and Fall samples.

H2: Job seekers will, ceteris paribus, accept a self-defined lower salary to work in a city with easy access to their stated non-work passion over one without.

Again, the 3 to 8% of allocated points is another way of showing that participants would accept a lower salary for proximity to their LBP in both the Spring and Fall samples.

H3: Job seekers will, ceteris paribus, accept an even lower self-specified salary than in H2 to work in a city with easy access several of their stated non-work passion over one without passions, or one with access to only one LBP. I expect these trade-offs to diminish as the number of proximate LBPs increases.

H3 is strongly shown through these results as the difference in mean jumps from 3.27 with one proximate LBP to 8.02 with two or more, over doubling in significance. At three, the effect trails off once again indicating that proximity to two LBPs results in the highest degree of trade-offs in traditional work compensation and benefits. Again, these results are replicated in both the Spring and Fall samples.

Conclusions

Job seekers are willing to pay to play. There are strong results to show that individuals will choose a location with easy access to their LBP over one without for the same type of job, and are willing to make trade-offs in dollar-terms to have easy access to their top passion and to be surrounded by like-minded individuals. This preference is even stronger if the location can touch on two of their LBPs, but after that the effect begins to fade. The strength of this effect is directly proportional to the degree of their

passion for the LBPs. They are willing to give up salary, prestige, job-mobility, and overall cost of living to be close to their LBPs. Finally, even when faced with the choice of a job at well-below their expectations in terms of salary, respondents are still willing to make some degree of salary trade-off to be close to the leisure activities they love.

These findings provide a strong rubric and tool for HR managers, investors, and local policymakers to think about what it is about their location's specific cultural and geographical DNA is likely to attract and retain talented job seekers for reasons beyond the standard menu of salary and benefits and beyond the interfirm qualities of job mobility within a cluster (Lindgren and Eriksson, 2007). Finding the right kinds of people for the right job is nothing new, but when given several options job seekers will make significant economic trade-offs for their LBPs.

There is a strong corollary here that also deserves mention. Job seekers will not make economic trade-offs for amenities that they are not passionate about. This is shown both by the significant number of respondents who would make little or no trade-offs despite their passion as well as by the observation that almost no one will make a trade-off for an LBP they are not highly passionate about. This is a very strong wakeup call for policymakers, who feel that because the city next door has a new stadium (or a new cluster of restaurants and bars, or a new mountain bike park, or a new ski area, or a new church), that they must invest scarce public resources in keeping up with the neighboring cities by building infrastructure around that LBP. LBP amenities, based on this research, are only important externalities to those who care about them, and not a silver bullet for

development. Furthermore, as we have seen the effect of catering to two LBPs is significantly stronger than one, so several areas of amenities (i.e. outdoors and brewpubs, or churches and restaurants) would likely be the most effective. The core strategy here, then, should be for local policymakers to identify what it is about their location that is already robust and build on these to identify the types of talent who have strong and matching LBPs and will be happy to come and stay. The same goes for investors and HR managers who want to attract this talent into firms and specific roles. Money only goes so far, and local LBP amenities only attract certain individuals. Finding a winning combination of two seems to be ideal based on these results.

These results present a more nuanced view that all job seekers "follow the money," or the idea of a fixed set of policy prescriptions about what specific kinds of amenities each city needs. Policymakers and business leaders must recognize that it is precisely the unique character of each location that will attract a certain type of personality beyond salary, benefits, and firm prestige, and that identifying these individuals and investing in amenities around those LBPs is a much more targeted strategy.

Limitations

At the end of the survey, we also asked respondents "Which type of city would you prefer to live and work in?" and found that 50.1% preferred a mid-sized city, 29.7% preferred a large city, and 8.7% wanted to go to a mega-city. Only 7.1% chose a small city and 4.4% a small town. This data indicates a desire among many respondents to

move to a larger city, which can also be seen as ambition and can make the trade-offs, particularly those around access to the outdoors, harder to achieve. In my sample, a large number wish to stay in mid-sized cities and goes against the grain of the narrative that everyone wants to be in a mega city. It should be noted that all of this data came from students in Boise Idaho (though many of them come from larger cities), and intrinsically represents a self-selecting sample of residents of a Tier 3 U.S. city known for its lifestyle and leisure prowess. I will make a more detailed study of city tiers in the next essay, "Cities that Play."

Also, this data was collected at Boise State University, which provides for a fairly specific type of respondent as based on the sample characteristics. Interest in the outdoors was unusually high, as is the character of Boise and its surrounds, and the sample was largely consisted of white U.S. undergraduate students. However, when controlled for race, country of origin, and gender, there were no significant changes which seems to reinforce the local nature of this question.

Further research

An interesting area for further research, aside from duplicating this on a national scale in other locations with different LBP tendencies, would be to conduct this research globally while controlling for factors such as average country level of development and type of local political system between democratic and authoritarian. A further area will be to see how local policymakers and business decision makers respond, and how it can influence their own infrastructure and location decisions.

ESSAY 2: CITIES THAT PLAY ARE CITIES THAT PAY: POSITIVE INCOME AND HOUSING PRICE EFFECTS ON A-LISTED OUTDOOR SPORTS DESTINATIONS ACROSS THE UNITED STATES

Abstract

In this paper, I find evidence that being widely recognized as a leader in outdoor sports leads to a corresponding increase in per capita income and housing values over time. I examine the relationship between per capita economic growth, the housing price index and the proxy of "making the A-list" of outdoor sports destinations by being listed in widely-circulated *Outside* magazine's annual "Best Cities" list in 360 Metropolitan Statistical Areas over a 50 year period from 1989-2018. Of these, 36 unique cities were recognized by *Outside* and enjoy a mean US 14.3% annual increase in pretax income (US $6,553 over the period) and an annual .69% increase in housing value over those not recognized. At their essence, these outdoor-oriented cities are a type of economic cluster with many of the same spillover dynamics that occur in traditional clusters. This paper adds to the literature by showing that cities that are widely recognized for their excellence in and proximity to non-work, location-based recreation activities or Location Based Passions (LBPs) tend to do better economically than those that do not. The $427.2 billion United States outdoor sporting industry, growing at 3.9% in 2017 compared to a national average of 2.4 provide a good proxy for LBPs in general which can include cultural, religious, food and drink, entertainment, and other activities which are dependent on a

certain place and access to amenities. This research also generates insights into location selection for talent attraction and retention, for investments, and to local public policy formulation.

Keywords: amenities economics, outdoor sports economics, amenities policies, leisure.

Introduction and Theory

Imagine a typical white-collar worker going through a typical day and daydreaming of his particular passion, in this case skiing. His family's household lives far from any notable resorts, however, so actually making it to the slopes will inevitably be expensive in terms of time, money, and planning resources- not to mention gear. According to a 2019 study by the now-defunct Hipmunk, an online booking service, the average cost for two adults including airfare, three days of lift tickets, and a four-night hotel stay at one of the U.S.'s top fifteen resorts is US $2,845. At the high end are Vail, Aspen, Breckenridge, Colorado, and Big Sky Montana at $4,572, $4226, $3556, and $3498 respectively and at the low Taos, New Mexico and Mammoth and South Lake Tahoe, California at the low end at $2,266, $2,130, and $2,086[6]. Next, factor in his spouse, their children, lessons, gear purchases, and time lost planning into the mix and both the money and opportunity costs will invariably increase. Finally, assume a tight work and vacation schedule both adults, meaning the long-planned visit will most likely end up during peak times, with high prices and long waits for the lift.

[6] https://www.liveabout.com/expensive-cheapest-ski-resorts-to-visit-3862974

Figure 3.1 Lift Line at Vail Ski Resort, Vail Colorado February 8, 2020

Photo Credit to Unofficial Networks

This same logic applies to any leisure activity that requires travel to access, from foodies to religious congregations to museum aficionados. Clearly, those with easy proximity and access to amenities such as quick local commutes, a bed in their own homes, season passes, and other perks have a much lower marginal cost to enjoy their passions. Our passions outside of work are expensive, and they are more expensive when we have to travel to enjoy them. Being close to these LPB's, particularly in an age in which it is forecast by IDC that by 2020 that 104.5 million people or 72.3% of the workforce in the U.S. is considered mobile[7] seems all the more attractive.

[7] https://www.businesswire.com/news/home/20150623005073/en/IDC-Forecasts-U.S.-Mobile-Worker-Population-Surpass

On the other hand, in this example both adults have good jobs- at least by the more traditional compensation-based aspects of salary, benefits, prestige, promotion- and live in a place with good access to education, healthcare, and other core amenities. Furthermore, with these skillsets, they could move to another location in hopes of increasing the ability to access one or more of these rewards. At the same time, firms and city leadership worldwide are competing for talent, which even with the modern upswing in telecommuting requires that a person is based in a specific place. What, then, would cause a household to move, from an individual perspective? And what factors, from a macroeconomic and policy perspective, are attractive to enticing migration of highly educated workers into high-paying jobs and creating local economic value? What factors are salient in driving widespread, high-skilled economic talent migration and is easy access to outdoor sports and other LBPs one of them? Most importantly, are there quantifiable economic benefits to be captured by being based in a city that is recognized as an LBP beyond the access to amenities?

In this paper, I explore the relationship between close proximity to outdoor leisure activities and economic growth in terms of GDP per capita and housing values in U.S. cities. I examine the relationship between per capita economic growth from 360 U.S. Bureau of Economic Analysis (BEA) designated Metropolitan Statistical Areas (MSAs, or cities with population of 50,000 or greater) from 1969-2018, the housing price index from the Federal Housing Finance Agency from 1974-2018, and availability of outdoor activities, using the proxy of "making the A list" of outdoor sports destinations by being recognized in widely-circulated *Outside* magazine's annual "Best Cities" list (hereafter

referred to as OBC) from 2003-2018, at the national, regional, and city-size (or tier) level. I find that easy access to outdoor sports as well as being widely known for this access has a positive effect across these indicators in these OBC cities compared to their peers, and on a broader level believe that although outdoor sports are simply one category of the larger idea of Location Based Passions. LBPs, or leisure activities that require certain geographic features- such as outdoor recreation- or cultural and institutional infrastructure- such as nightlife and restaurant districts, museums, or religious communities and development to enjoy are a good proxy to indicate that people tend to migrate based on factors beyond work and standard amenities, that they follow their passions, and in doing so can capture underlying positive economic benefits from the cluster effect of outdoor sports LBP communities.

Outdoor sports themselves are an excellent proxy for LBPs, both because they are my personal LBP and because I believe they create few confounding factors in the models in the sense that they are often more binary variables. Cities usually either have easy access to skiing, mountain biking, and fishing or they do not, whereas the other LBPs are somewhat more blended and difficult to parse (i.e. the definition of what differentiates a great restaurant scene from an average one, or a great religious center from just a network of churches, or high-culture from average culture is relatively more subjective.) In this paper we will look at the effect a city being famous for outdoor sports has on its long-term economic growth.

The Origins and Rise of Outdoor Recreation Communities

The history of looking to the great outdoors for recreation, solace, and learning reaches back to prehistory and the beginnings of modern civilization as humans moved from hunting/gathering societies to organized, hierarchical structures with Thorstein Velben's leisure class at the top with free time on their hands (Diggins, 1999, p. 34) slowly restructuring society into specific economic, and hence time-defined roles for each class since before the widespread use of written languages (Harari, 2014, p. 46-50). The resulting restructuring of society and resources has taken people away from the land as provider model to a land as producer model, and thereby removed humanity from their proximity to the land (Polyani and MacIver, 1944, p. 146; Keohane, 2010, p. 13). As such, early modern forms of outdoor recreating- primarily hunting and fishing- became the province of the landed gentry. This is a global phenomenon as well, ranging from the moors of England to the grasslands of Hubei outside Beijing where Emperor Qianlong, founder of the Qing Dynasty, extolled the need for his successors to spend as much tim hunting from the horse as reading through and making decisions on documents of state (Spence, 1996, p. 78-86).

In the United States, access to play and contemplate in nature are a central theme in our culture with the recreational theme perhaps first taken up by Thoreau's 1854 *Walden.* This marked a noted departure from early narratives of the wilderness- look at James Fennimore Cooper's *Last of the Mohicans* or my personal favorite, Nathaniel Hawthorne's *Young Goodman Brown*, which were full of fear and suspicion of the nearby mountains and forests, to one of curiosity and exploration. This was elsewhere evident in then

industrializing England, as the upper classes began to set out for the wild peaks of the Alps and later the Himalaya for leisure, exploration, and soul-searching. Similar ideas grasped the popular imagination in the U.S through the writings of Emmerson, Walt Whitman, and the founding father of U.S. outdoor recreation John Muir. Beyond their impactful theoretical musings, these authors took action as well: Thoreau has been credited as pulling off the first ever popularly documented technical climb in the United Stated which he immortalized in his 1846 poem "Khatadin", and Muir, in addition to founding the highly-influential and still running Sierra Club famously guided friend President Theodore Roosevelt on a three day outback camping journey through Yosemite while he was a sitting President, helping inspire him to declare the National Parks system (Nieder, 2007, p. 145-47). As the wilderness was tamed, the need to both experience and maintain access to it became a new dynamic in society.

Roosevelt is commonly cited as being the first U.S. President to take substantial action on conserving public lands, which are essential to the pursuit of outdoor sports. Roosevelt, a lifelong hunter and outdoorsman, began to notice the effects of overgrazing and overhunting on his own ranches throughout the United States. After winning the presidency in 1901, Roosevelt championed legislation to protect wildlife and public lands by creating the United States Forest Service (USFS) and establishing 150 national forests, 51 federal bird reserves, 4 national game preserves, 5 national parks, and 18 national monuments by pushing through the 1906 American Antiquities Act.[8] During his presidency, Theodore Roosevelt set aside 230 million acres of land for public and

[8] https://www.nps.gov/thro/learn/historyculture/theodore-roosevelt-and-conservation.htm

conservation use. Today, there are around 610 million acres under Federal administration by the Bureau of Land Management, the National Park Service, the U.S. Forest Service, and the U.S. Fish and Wildlife Service[9]. In addition to this are an array of State parks as well as access systems on private land to allow recreation as negotiated by the Sierra Club, the Access Fund, the National Wildlife Federation, Ridge to Rivers here in Boise, and many others. Access to these lands provided the basis for the origins and rise of the popularity of outdoor sports.

Each stream of outdoor recreation has its own origin story and the communities later began to form themselves around these. In the US, for skiing, in the 1930's Idaho's Sun Valley was a progenitor and achieved widespread fame through the exploits of Gary Cooper, Lucille Ball, Earnest Hemmingway and others and helped drive the later transformation of Aspen, Vail, Crested Butte, the resorts of Big and Little Cottonwood Canyon outside Salt Lake City, Big Sky, and other "ski towns" in the West (Coleman, p. 134-38). In surfing, in the 950's the North Shore waves at Wimea Bay and Pipeline Beach in Hawaii provided the playing grounds and later spread to California as told in William Finnegan's *Barbarian Days*. In climbing, the early efforts of Royal Robbins and Warren Harding in the early 1960's and later the free climbs of the "Stonemasters" Jim Bridwell, John Long, and Lynn Hill created a community around the freewheeling "Camp 4" in Yosemite, or "The Center of the Universe" to those in the know. Later, in the late 1980's in mountain biking, the transformational technology of Gary Fisher and Tom Ritchey in hilly Marin County California lead to the construction of trail systems and spread like

[9] https://www.nwf.org/Our-Work/Our-Lands/Public-Lands

wildfire, taking bikes off the road and onto the trails as told by Fisher's co-founder Charlie Kelly in *Fat Tire Flyer*. In these and other cases, there are three salient factors. First, they required easy access to the right kind of natural spaces and conditions for the sport to be enjoyed. Second, they required a community of like-minded individuals to spread, maintain, and sometimes fight for access to these spaces. Third, this was a gradual and ongoing process, with each sport having its own origin story but often using the same spaces first recreationalized by the hunting and fishing community. As forms of outdoor recreation multiplied and became more widespread, so did the need for community and organization around them.

Profile of Outdoor Sports Participants

People in the United States participate widely and frequently in outdoor sports. According to a 2016 study by the Outdoor Industry Association, the largest industry association for the industry, over 142 million Americans participated in at least one outdoor sport in 2015 or 48.4% of the population.[10] Top reasons for participating were health-based "Getting Exercise" (68%) and "Keeping Physically Fit " (52%), followed closely by social reasons "Be With Family and Friends" (55%), followed by the more aesthetic and philosophical "Observe Scenic Beauty" (49%), "Be Close to Nature" (48%), and "Enjoy the Sounds and Smells of nature" (47%). 43% wished to "Get Away from the Usual Demands." 25% looked to "Deepen My skills and Abilities" and 22% wished to "Gain Sense of Accomplishment." Contrary to the adrenaline junkie narrative, only 35% were

[10] https://outdoorindustry.org/wp-content/uploads/2017/05/2016-Outdoor-Participation-Report.pdf

looking to "Experience Excitement and Adventure."[11] Thus, aside from exercise reasons (the study also references a large crossover population of indoor sports participants lead by walking, treadmill, and weight lifting), the main reasons for participating in outdoor sports tend to be around immersing oneself in nature, being around loved ones, and self-improvement.

Demographically, males represent 54% and women 46% with rising female participation. 45 and older were the highest participating at 34%, followed by 25-44 (32%) and 6-12 (13%). Per capita, Caucasians were the highest participating group followed by Asian-Pacific Islanders, Hispanics, and African-Americans, though there is a rise in the smaller groups.[12] I have noticed a concerted effort in many of the outdoor magazines I read regularly to target these underserved groups with far more features and advertisements than a decade or two ago. Household incomes are high, with 31% making over $100,000 per year and 65% making over $50,000. 14% hold post-graduate degrees and 40% are college grads and above. Regionally, the participation rates are balanced, with the highest in the Northwest Central region (54%) and the lowest in West-South Central region (43%).[13] Outdoor sports users are a wealthy, highly-educated, and increasingly diverse demographic spread across the U.S..

Finally, for the purposes of this study it is fruitful to look at why people did not participate. 37% of all respondents said that they were simply "Not Interested," and this

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[11] *Ibid.*
[12] *Ibid.*
[13] *Ibid.*

finding did not change too much above age eleven. This matches the conclusions of my study, in that targeting this demographic with expensive amenities by public policymakers will likely be a waste of resources. The second reason, however, is "I don't have the time" (23%) and "It is too expensive" (19%), and this was even more true for young aspirants with "Too expensive" coming in at number one for all 24 and unders. Clearly, cutting all of the related time and money expenses related to these activities by being in closer proximity to communities would provide opportunities for those interested but seeing these sports as too distant and pricey.

Roots of uprooting and reasons for economic migration

On the flip side of leisure is economic necessity. As geographer Peter Nelson (1994) points out, everyone is affected by migration in the sense that "even people who chose not to migrate have effectively made a migration decision, one not to move" (p. 55). There is an extremely rich literature on migration. Later studies have shown that on the macro level migration tends to be driven more by job growth than wage differentials (Greenwood, 1981, 1985). Age, both with the young as in the Silicon Valley type case (Ong, 2003; Gottleib, 2003; Guzman, 2019), and the old as in the "Sun Belt" case (Bluestone and Harrison, 1982; Plane 1994), also drive migration at the personal level. Amenities, proximity to family, and leisure concerns have been found to have a greater impact on older populations (Wilson, 1988; Nelson and Sewall, 2003. Gender and race are also determinates as people tend to migrate towards like-minded communities that they find welcoming (Speare et. al., 1982).

Access to services, such as schools, healthcare, convenient shopping, and recreation activities also drive migration and create a multiplier effect by driving construction, public sector, and retail growth (Scott and Stroper, 1986; Stroper and Christopherson, 1987; Markusen et. al, 1991).

Since the 1950's, research has begun on how amenities and access to outdoor recreation can drive migration beyond basic economic factors with initial work by Edward Ullman's study of early twentieth century migration to California, Arizona, and the Pacific Northwest and the attractiveness of hunting, hiking, and fishing (1954, p. 114). This effect has led to an economic transformation of these and other previously rural (or even wild) regions as extractive industries have dropped as a major component of aggregate economic activity from 10% of total jobs in 1969 to fewer than 4% today (Nelson 1994, , p. 57). Indeed, there is evidence that locations in this region that are non-dependent on extractive industries experienced the most rapid growth (Rudzitis,1999) and that migrants were drawn to these less populated communities largely due to the outdoor environment, outdoor recreation, and scenery. Perceptions of social safety in a smaller community were also attractive to highly-skilled Chinese immigrants to similar areas beyond job considerations as described in the next essay, "Clusters in the Wilderness."

There is an interesting regional component to amenity migration as well as studied by Nelson (2006) using the USDA amenities index. Amenities are subjective in the sense of being valued differently by different individuals. For example, mountainous regions have had a negative net migration in New England by a positive net migration in the

Mountain West and the West Coast. More recently, this trend has been studied in the Appalachian mountain regions (Anderson 2010; Sims and Hodges 2004). Schumway and Otterstrom (2001) find evidence looking at migration patterns of "new" service migrants versus "old" ranching residents and find evidence that income increases are greater in the Mountain West than among the "old" group. In this paper, I will also look at the specific economic impacts on U.S. region and city size.

The Mobile Technology Revolution in Context

The ability of the 104.5 million workers in the U.S. alone able to work remotely rises on the back of information technology. According to a recent report by Pew research, 81% of Americans owned a smartphone as of June, 2019, up from 35% in 2011.[14] In terms of coverage, in 2020 Verizon now covers over 70% of the U.S. landmass with 4G with AT&T close behind at 68%[15], and a quick look at exhibit 3 shows that number increases significantly when Alaska is not considered.

[14] https://www.pewresearch.org/internet/fact-sheet/mobile/
[15] https://www.whistleout.com/CellPhones/Guides/Coverage

Figure 3.2 4G Coverage in U.S in purple., February 2020

Source: https://www.whistleout.com/CellPhones/Guides/Coverage

The impact of this information technology revolution on worker mobility and resulting changing attitudes and approaches to work has been extensively studied in the literature (Nelson, Jarrahi., & Thomson, 2017; Ciolfi & de Carvalho, 2014; Su & Mark, 2008) and has lead to a world in which people can ostensibly, for better or worse, "work anytime, anyplace" (Davis, 2002). Much of this literature focuses on the intrusiveness of this dynamic, but I believe that this dynamic is helping workers to spend more time on their LBPs without a significant disruption to work and is an underlying dynamic of some of the mobility effects described in this and the other two essays. From a personal note, I have been able to take advantage of this dynamic to explore many of the "yellow" regions on the map while staying connected to global obligations, and in the past five and a half years based in Idaho I have witnessed this coverage grow particularly across the "yellow" regions of Idaho, Wyoming, Nevada, and Utah (switching to the more expensive Verizon several years ago for this very reason).

Opportunity Costs of Leisure: Outdoor sports communities as economic clusters

One of the key reasons to live in a place that is close to your LBPs is to cut time and expenses on commuting and other lost opportunity costs such as building networks of partners, creating routines, acquiring the right gear, and other activities that are easier done on a regular basis. In their seminal article on the social benefits from outdoor recreation, Burt and Brewer (1971) develop a model of social utility for outdoor recreation sites based largely on the assumption that "transportation costs incurred by the participants constituting a major part of the costs of consumption" p. (813), and that to reach a Parteo level of investment optimization (in which the investment into a public good roughly benefits all members in the community equally) the net gains should be equal to the net costs of all the participants and financiers. They look at a case of developing a series of lakes for water recreation around the State of Missouri, sample households for demand, and derive the optimal location based on demand vs. travel costs vs. benefits. For my research, there is a balance between being situated between traditional economic opportunities and access to outdoor sports LBPs which can be seen in the data.

Other scholarly research has focused on the economic benefits of certain forms of outdoor recreation. For example, Maples, Sharp, Clark, Gerlaugh, and Gillespe (2017) take a look at how "tourism and place-based resources (such as rivers, agriculture, and rock formations) as a viable pairing to create economic development and revitalization" (p.53) and can revitalize areas such as Eastern Kentucky and its beautiful Red River Gorge, an area once dependent on minerals and mining and now moving toward a less extractive economy. In their study they find that rock climbing contributes $3.8 million per year to

the study region and supports forty-one jobs and $826,352 in wages. Additionally, climbers add over $1.4 million to the gross regional product of the study area and $2.9 million in total output (p. 55). Most importantly, they note that as it is a pre-existing resource there is no need for additional public investment. Bailey, Hungenberg, and McDowell (2016) also explore a similar idea around the so-called "T-Wall" near Chattanooga, Tennessee, and previous researchers have looked at the positive economic impact of rock climbing (Anderson 2010; Sims and Hodges 2004).

Public Policy and Amenities Investment

What kinds of policies should city managers pursue to attract consistently higher paying jobs? Should they pursue a "build it and they will come philosophy?" Approaches to economic development can be roughly divided into three phases over the past few decades (Eisinger, 1988; Tassonyi, 2005). The first phase concentrated on tax incentives for businesses, but as these are one-offs and highly replicable (Burstein & Rolnick, 1995; Marr and Jones, 2007) tend to result in what is widely described as a "race to the bottom." The second phase utilized a more flexible focus on financial, technological, and knowledge capabilities (Tassonyi, 2005). More recently, newer strategies have begun to focus on attracting talent and providing a higher quality of life. "Highly mobile capital and talent will flow to locations that offer the richest amenities and highest quality of life, and desirable locations will attract talented individuals who will either become entrepreneurs or attract employers who would take advantage of the available talent pool" (Reece and Ye, 2003, p. 222). These "amenity strategies" have been supported by numerous policy scholars including investments in culture and human capital (Glaeser, 2005; Glaeser &

Mare, 2001; Gottlieb, 1994). Reese and Ye (2011) also ask the question of whether it is policy or pure luck of the draw, and find that certain geographic windfalls, such as weather, proximity to lakes, sunny, dry days, and low crime, with a lower explanation factor from policies with the exceptions of good transportation and low crime rates. As cities worldwide race to attract the talent and resources that lay the foundation of economic growth, there is no silver bullet in economic policy and once one is enacted it is quickly replicated. Thus, in this paper I will focus only on being widely recognized as an active outdoor sports destination as an independent variable.

Methods

I examine the relationship between per capita economic growth, the housing price index and the proxy of "making the A-list" of outdoor sports destinations by being listed in widely-circulated *Outside* magazine's annual "Best Cities" list in 360 Metropolitan Statistical Areas over a 50-year period from 1969-2018. Of these, 36 unique cities were recognized by *Outside.*

I first test with a series of time series regressions which I call "Outside Causal" to determine the relationship with per capita income and the housing price index. In "Outside Causal", all cities which are eventually listed in *Outside* are treated from the beginning year of the data (1969 for all per capita income and varying between 1976 and 1986 for HPI depending on data available) and compared to those which were not listed. This is because as described in the introduction part these outdoor communities did not come into existence as a result of their being recognized by *Outside* magazine, but rather

grew gradually over decades (which roughly correspond to 1960 to the mid-1980)'s. I test the total sample, and then split by city tier size and region as described below.

I then test using a quasi-experimental interrupted time series regression in which the year that the city is first listed in *Outside* is used as a treatment variable, and the interrupted time series begins from the year of first listing. I believe this data is also useful, as the year of listing can be seen as a sort of debutante or catalyst year during which the city became nationally known to mutli-outdoor sports enthusiasts as represents the readership base of *Outside.* These analyses are then performed according to similar subsets across the total, city tiers, and regions.

Outdoor sports are a good starting point for macro-economic research on LBPs for several reasons. First, they are my own LBP and in participating in them extensively for over thirty years I have watched these effects as a participant. Second, they are extremely popular in the United States and other countries and growing very quickly. According to the United States Bureau of Economic Analysis, outdoor sports and spillover industries accounted for 2.2 percent ($427.2 billion) of current-dollar gross U.S. domestic product (GDP) in 2017, and grew at 3.9%, faster than the overall GDP growth rate of 2.4% in 2017.[16] Third, they are a good proxy for the more general topic of LBPs as they by definition require specific types of outdoor spaces (snowy mountains for

[16] https://www.bea.gov/data/special-topics/outdoor-recreation

skiing, lakes and rivers for fishing, trail systems for mountain biking, waves for surfing, good rock for rock climbing, and so on).

Clearly, however, they represent just one possible subset of LBPs and could be replaced by other subsets around culture, social groups, eating corridors, or other non-work activities dependent on physical location as described in "Pay to Play." They are a particularly good subset of LBPs, however, as they tend to be very binary in terms of access. I believe they create less collinearity in the models in the sense that they are often more binary variables. Cities usually either have easy access to skiing, mountain biking, and fishing or they do not, whereas the other LBPs are somewhat more blended and difficult to parse (i.e. the definition of what differentiates a great restaurant scene from an average one, or a great religious center from just a network of churches, or high-culture from average culture is relatively more subjective.)

Data

For this paper, I relied on three main sources of data: historical data (1969-2018) on per capita income and population from the US Bureau of Economic Analysis (BEA), seasonally adjusted housing price indexes from the Federal Housing Finance Agency (1976-2018) and archival data collected from past issues of *Outside* magazine's Best Places to Live from the first records of the rankings to the present (2003-2018). This provides a robust dataset with 18,000 observations across per capita income, population, HPI, city tier, regional grouping, and whether and when the city first appeared in the Outside rankings.

BEA Data

The BEA data is divided into metropolitan statistical areas and combined statistical areas as designated by the White House Office of Management and Budget. In the United States, a core based Metropolitan Statistical Area (MSA) is associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting. I analyze a dataset of 360 MSAs with data on total income, population, and per capita income on all of these from 1969-2018.

Federal Housing Finance Agency Data (FHFA)

The FHFA HPI is a rich dataset which reflects relative prices of single-family homes in the U.S. I use the data as broken down by MSA from 1975-2018 across all 360 MSAs. The FHFA HPI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or re-financings on the same properties. The data is compiled by looking at repeat mortgage transactions as collected by Fannie Mae or Freddie Mac since January 1975. In this index, 100 is the baseline and represents the average price of a home across all U.S. MSAs in 1990. The values represent various regions' appreciation or depreciation from this value.

Outside Data

The OBC data is collected from a media search of *Outside* magazine's Best Places to Live series begun in 2003. *Outside* was first published 40 years ago in 1977 and

in 2016 was the fourth most widely circulated outdoor-related magazine in the US with a circulation of 688,769 and is the largest on this list that is focused on active outdoor sports.

1. **National Geographic Magazine** – 3,317,102
2. **Scouting Magazine** – 913,707
3. **Outdoor Life** – 758,544
4. **Outside** – 688,769
5. **National Geographic Traveler** – 656,688
6. **Sierra** – 516,182
7. **Conservationist for Kids** – 400,000
8. **Backpacker** – 328,526
9. **National Parks** – 302,394
10. **The Backwoodsman** – 207,000

Figure 3.3 Top Outdoor Magazines by Circulation, 2016

From: https://www.cision.com/us/2016/07/top-10-outdoor-recreation-magazines-by-circulation/

Outside's monthly articles and features are largely focused on highly physical outdoor sports: mountain biking, skiing, surfing, climbing, backcountry exploration, and has a clear focus on traveling to new destinations both in the US and abroad for adventures and thus encourages mobility.

The “Best Places to Live” (OBC) index series has run on an annual basis with several exceptions (2007 and 2010) since 2003, and provides a good barometer of a locale making the “A list” of great places for outdoor recreation in a region. The index uses a slightly different method of calculation each year, ranging from Facebook polls of millions of users to collected opinions of professional athletes to modified datasets from other sources (such as the American College of Sports Medicine in 2013) to special advisory councils to in one case a formula based on some of the data I am analyzing here (GDP/capita, housing price, plus education levels and commute time to the activity.) Because of the varied nature of this dataset, I believe it avoids any collinearity with per capita income and HPI and there was no evidence of this in my statistical analysis. The prime piece of information from the OBC, then, is the idea of the cities name having “gotten out there” as a great place to outdoor recreate to *Outside*’s large subscriber base. As a proxy this can yield significant insights. In this sense, these cities had to have enough pre-existing “buzz” to become noticed and hence the years prior are also relevant as datapoints.

Of the total 360 MSAs, 36 of these made the OBC index between 2003 and 2018. Once listed, many tend to come up again a few years later (such as Seattle as a PNW Tier 1 City, Salt Lake City as a PSW Tier 2, Chattanooga TN an ASE Tier 3, or Duluth MN as a NMW Tier 4). By my analysis and methods, once “in” an MSA is “in” and is not double counted in any way.

City Tiers

As has been widely noted, there is no clear definition for tier cities in the United States (Overman, & Loannides, 2001). For the purposes of my research, then, I follow a model based on Zipf's law, which states that population in major cities tends to decrease along a log function (Gabaix, 1999). According to Zipf's law, the number of cities with a population greater than x is proportional to 1/x (Gabaix, 1999, p. 739). This essentially means that globally, much of the population and resources is concentrated in mega, or first tier cities. What, then, of the rest? Castellani and Santangelo recently found that over 80% of cross border investments accrue to the top 100 global cities. This leaves a staggering number of smaller cities competing for the remaining 20%, and many of these projects tend to be research and development intensive making them amenable both to a strong knowledge talent base (Castellani and Santangelo, 2016) as well as to a strong lifestyle base. How can they participate in globalization and economic development in a meaningful and sustainable way?

Using the BEA MSA data, I separate the entire U.S. population (325,719,178 in 2017) into those living within MSAs (289,417,049 in 2017). I then split the U.S. into four tiers. Based on this method, 25% lives in tier 1 cities (7 Tier 1 including New York, LA, Chicago, Dallas Ft. Worth, Houston, Washington D.C., and Miami), 25% in Tier 2 (including cities such as Atlanta, Boston, Portland Oregon, and San Diego), 25% in Tier 3 (including cities such as Boise, Austin, Tuscon, and Richmond, VA), and 25% in Tier 4 (including cities such as Bangor, ME, Bloomington, IN, Champaign-Urbana, IL, and

Santa Fe, NM), As the Tier number increases, so does the number of MSAs included. See Appendix 1 for a List of Tier Cities.

Regions

I divided the US MSAs into six roughly equal regions, Atlantic Northeast (ANE), Atlantic Southeast (ASE), North Midwest (NMW), South Midwest (SMW), Pacific Northwest (PNW), and Pacific Southwest (PSW). This allows analysis at an in-country level to provide some richness about internal migration particularly in terms of outdoor sports communities. By splitting first by geography and then by culture without making it too complex this grouping also yields some interesting insights. Clearly, some decisions (such as putting New Mexico and Colorado into the South Midwest or putting Wyoming and Montana into the Pacific Northwest) go against some groupings used in U.S. economic demography, but I think reflect this model well and give a balance of geography and populations.

The following map indicates which States are located within each region:

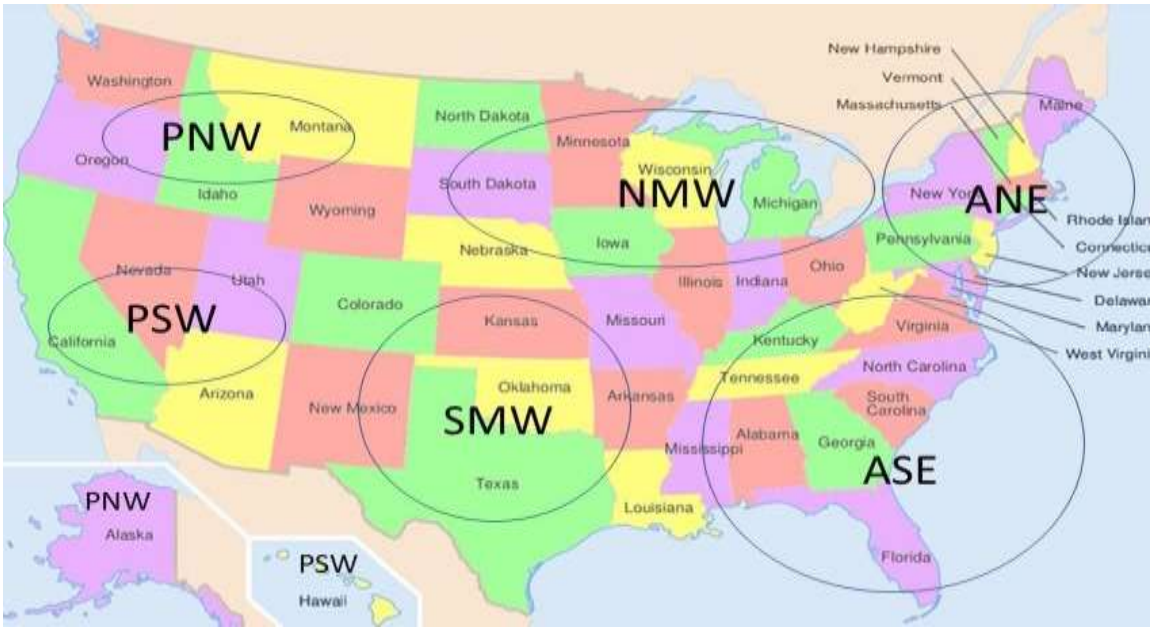

Figure 3.4 Map of Regions

Hypothesis

H1: While there will be general growth across the board in most cities, being recognized as an OBC outdoor sports destination will result in a larger over time increase in per capita income, compared to cities that are not recognized.

As described in the introduction and as was the basis for many of the *Outside* listings, these outdoor sports communities formed around reputation and popularity over a period of years, and in the cases of active outdoor sports tended to begin around the late 1960's- early 1980's. Therefore, per capita income increases can generally be seen as having a gradual and cumulative effect over the decades rather than a sudden seismic change.

H2: Cities recognized in OBC will have housing prices increase at a faster rate than cities that are not recognized.

As described in the introduction and as was the basis for many of the *Outside* listings, these outdoor sports communities formed around reputation and popularity over a period of years, and in the cases of active outdoor sports tended to begin around the late 1960's- early 1980's. I theorize that HPI generally be seen as having a gradual and cumulative effect over the decades rather than a sudden seismic change.

H3: The effect of proximity to outdoor activities with vary by city size on per capita income. The effect should be largest in second tier cities, which have room to grow but also have other amenities outside of LBPs to attract employers.

Per capita income has risen across the board in the U.S., and the increase in Tier 1 cities has been widely noted and is clear in the overall data. However, there is an increasing literature on the attractiveness of Tier 2 cities, which have many of the amenities of Tier 1 but also relatively lower costs and more space. Tier 3 and Tier 4, however, are more isolated from the cluster effects of large cities and thus have generally slower growth.

H4: HPI effects will be most strongly felt in lower tier cities as despite their relative isolation having a "base" in these cities is a strong economic asset.

On the other hand, when isolated purely as a result of proximity to outdoor sports, Tier 4 cities with access are most attractive to owning a property. Indeed, many of these are likely second homes of households that work and reside in Tier 1 and Tier 2 cities, and thus are more of an investment or retirement property than a base of work. As Hall and Muller (2004) found, there are often many more bed-night available in second homes

around remote leisure areas than commercial hotel rentals and can also be seen by the explosion of popularity of AirBNB and similar services in these remote leisure areas.

H5: Regions with slow overall growth will have the strongest effect on GDP/capita income as well as HPI as the attraction of LBP amenities will have a stronger pull vis a vis other effects.

As attractiveness to macroeconomic factors such as job growth and non-leisure amenities becomes less strong, the pull of outdoor sports access should become more prominent in regions that show generally lower overall economic growth. This should be reflected in both per capita income and HPI.

H6: OBC factors will be positively correlated with population growth.

For the core of this analysis, we are looking at the impact of population growth on higher paying jobs and higher housing values. However, it is also interesting to test whether OBC cities attracted even more people than peer cities as a factor beyond economic benefits.

Analysis and Results

First Analysis: Listing in *Outside* as Proxy for Growth

For each dataset, I have conducted a series of regressions to understand the relationships at the national, tier, and regional levels. First, I present the "proxy" results in which being listed in *Outside* magazine is used as a proxy for growth in per capita income (base year 1969) and HPI (base year from 1974 to 1984 depending on when index began measuring). These form the main basis of my results, as the fact of being listed in *Outside* for the first time is a mostly recognition of a pre-existing effect, rather than a cause. As described in the introduction and as was the basis for many of the *Outside* listings, these outdoor sports communities formed around reputation and popularity over a period of years, and in the cases of active outdoor sports tended to begin around the late 1960's- early 1980's. Therefore, they can generally be seen as having a gradual and cumulative effect over the decades rather than a sudden seismic change.

Table 3.1 All MSAs, 1969-2018, Proxy Effect

	Per Capita Income	Population	HPI
InOut	-15559.59*** (3434.63)	459192.3*** (68203.05)	68.75*** (18.22)
Year	899.00*** (2.77)	5178.09 *** (756.2653)	4.07*** (.02)
Outside proxy	131.06*** (8.80)	5178.09*** (756.2653)	.69*** (.07)
Growth Rate	913.462	450450.4	4.13
Cons	-1077.66*** (83.81207)	370812.2 *** (22158.7)	-.80*** (.80)
N	18,000	18,000	12,355
R^2	.86	.0321	.72

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed.

H1: While there will be general growth across the board in most cities, being recognized as an OBC outdoor sports destination will result in a relative rise in per capita income over time.

H1 is supported as MSAs listed in the OBC index are growing faster than those not listed. For per capita income, overall in the 360 MSAs studied per capita income grew by an average of $913.46 per year. Within this, there is strong evidence that the average earner OBC listed cities makes an additional US$131.06 per year or a 14.3% annual increase over the non-OBC boost, and when translated over a 50-year period that becomes $6,553 dollars in additional pretax income. This accounts only for pretax

income and does not take into account the additional spillover benefits for those who enjoy outdoor sports as a local LBP.

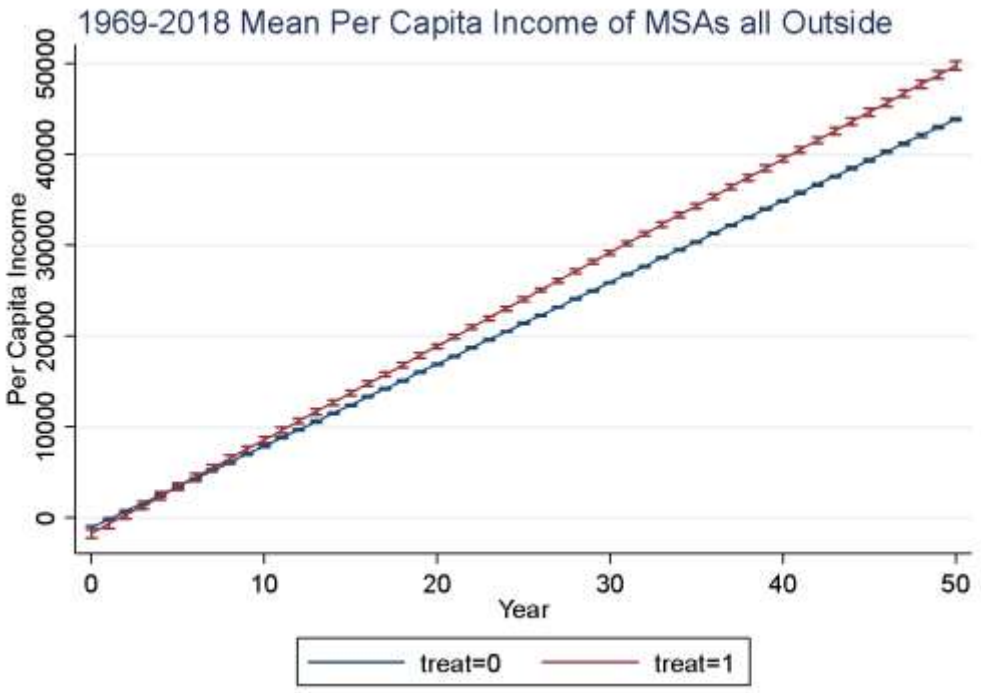

Figure 3.5 Graph of Mean Per Capita Income of Cities in Outside vs. Those Not

In Figure 3.5, we can see graphically that cities that are recognized for their outside sports appeal have higher per capita income growth than those that do not over this 50-year period.

H2: Housing values will also reflect this trend over time in OBC cities.

H2 is supported as MSAs listed in the OBC index are growing faster than those not listed. For the housing price index, overall in the 360 MSAs studied the housing index by an average of 4.07 points per year. Within this, there is strong evidence that the

home in OBC gains additional .69% in value per year, meaning that for homeowners in these areas' asset values are increasing faster than in non-OBC areas as well. Thus, residents of cities that are recognized as outside sports destinations are not only making more base income, but for homeowners are experiencing an increase in their asset values as well in terms of their home price.

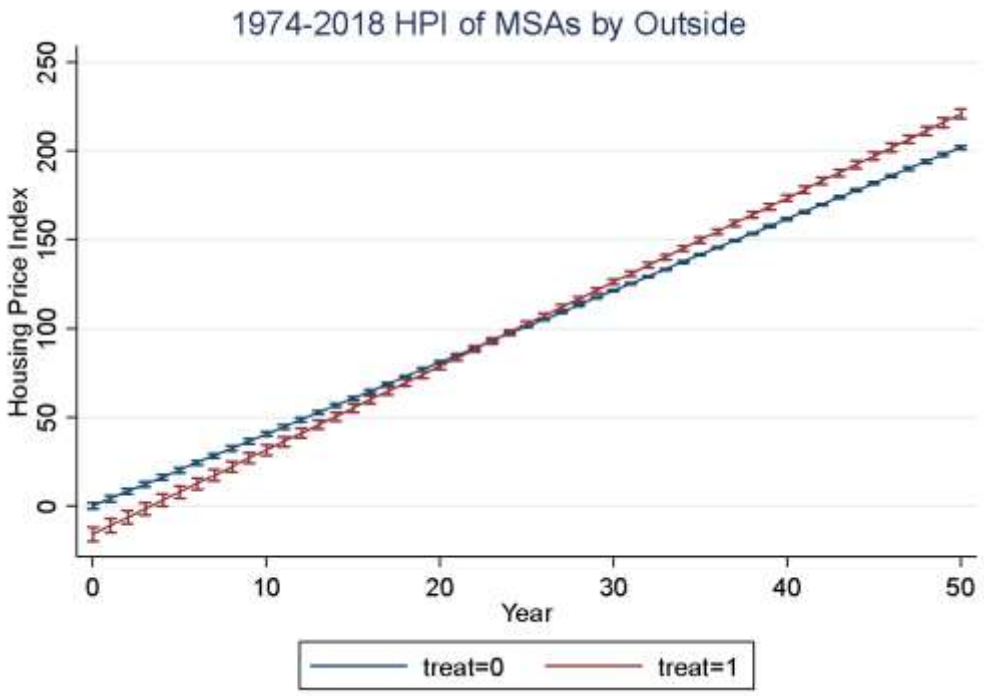

Figure 3.6 Housing Price Index for Cities Appearing in Outside vs. Those Not

Figure 3.6 also makes it clear that cities recognized by *Outside* generally had lower housing values when first measured than those not, but by the end of the period and after they had been recognized that the value had increased significantly over the non-recognized. As the model shows an R^2 of 72%, we can also show that there is fairly high

explanatory power behind this. Although many factors go into cumulative home values over time, the *Outside* effect can perhaps be seen as capturing the transformation of places that were previously seen as less desirable to live into places that were more desirable to live in partly for access to these outdoor amenities.

Population

H6: OBC factors will be positively correlated with population growth.

H6 is somewhat supported as well, as there a statistical significant positive coefficient of 5,179.09. This means that OBC cities on average add 5,180 people per year above non-OBC cities. However, as the R2 is only .0321, it is difficult to say whether this effect is largely due to outdoor sports or to other factors which make those cities a good place to live in. Additionally, when performed at the tier and regional level the statistical significance did not show up as clearly.

Tiers

Next, I turn to city tiers. As described in the Methods section, each tier contains 25% of the total MSA population and the cities within the tiers are split into for levels. Tier 1 are the largest cities and Tier 4 the smallest.

Table 3.2 Proxy MSAs by City Tier, 1969-2018 Per Capita Income

	Tier 1	Tier 2	Tier 3	Tier 4
InOut	-23864.82*** (8204.79)	-32548.41*** (7769.12))	-17977.12 ** (7067.31)	-11431.8 *** (2300.40)
Year	1132.931*** (18.71)	999.3936*** (15.64)	996.6527*** (9.05)	858.03*** (2.64)
Outside proxy	91.79*** (34.33)	232.44*** (28.19)	-38.38* (17.45)	101.56*** (7.04)
Growth rate	1208.52	1106.42	998.22	879.02
Cons	-899.60** (-1577.91)	-143.18+ (-735.46)	-1358.59*** (-1550.27)	-729.61*** (-842.93)
N	350	850	2,850	14,878
$_{R}2$	.94	.89	.83	.89

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H3: This income bump effect will be more strongly pronounced in smaller cities based on tier size as it they be more isolated from other growth-inducing effects in other amenities, including work-based, education/health-based, and leisure-based. This effect will be most strongly felt in second tier cities as they have a good mixture of spillovers and isolation effects from LPB amenities.

H3 is somewhat supported by this as we see the strongest per capita income growth in Tier 2 (232.44) and Tier 4 (101.56) OBC cities. Interestingly, Tier 3 OBC cities have a slower growth than their peer group (-38.38) which did show statistical significance. My interpretation of this is that Tier 2 OBC cities are achieving the greatest gains from non-OBC effects and are coming from a lower base income than Tier 1. Tier 4 cities, on the other hand, are growing the slowest in terms of per capita income overall

which isolates the OBC effect by attracting top talent. Tier 3 is caught somewhere in between, and other research such as two recent samples of Boise State University job seekers (Marr, forthcoming) indicates that there is economic migration from Tier 2 to Tier 3 which may help explain the gap.

Table 3.3 Proxy MSAs by City Tier, 1974-2018 HPI

	Tier 1	Tier 2	Tier 3	Tier 4
InOut	224.75*** (63.29)	-168.26*** (71.43)	53.52** (29.93)	117.05*** (15.12)
Year	5.56*** (.20)	2.90*** (.166)	3.98*** (.052)	3.97*** (.02)
Outside proxy	.13+ (.35)	-3.15*** (.28)	.21* (.10)	1.03*** (.06)
Growth rate	5.94	5.01	4.05	4.07
Cons	-25.36*** (-21.97)	59.74*** (27.20)	3.29**	.55+
N	259	586	2,308	9,779
R^2	.81	.36	.75	.72

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H4: HPI effects will be most strongly felt in lower tier cities as despite their relative isolation having a "base" in these cities is a strong economic asset.

H4 is also supported by these results as Tier 4 (1.03) and Tier 3 (.21) OBC cities have positive growth rates to the general HPI growth rate by tier. Furthermore, they have higher relative HPI growth than their OBC peers (-3.15 for Tier 2 and inconclusive for Tier 1). In my analysis, this shows an underrealized value in having fixed real estate

assets in OBC areas, as previously noted there are significant time, rental, and opportunity costs to finding a "base" for outdoor OBCs. An additional factor may be wealthier, active retirees living in these cities. This also explains why Tier 4 is highest, as they are the most remote from larger cities and amenities.

The negative HPI growth in OBC Tier 2 cities presents an enigma, as per capita income is growing the fastest in these cities. One possible explanation is that talent has been on the whole moving into these cities faster than the real estate market had historically reflected. This explanation is supported by OBC Tier 2 cities having the highest HPI increase when OBC is used as a causal explanation. In other words, once word gets out that a city is "hot," housing prices will quickly increase to reflect this. That has certainly been the case here in Boise Idaho, whose OBC amenities have not changed significantly but has had the fastest appreciating HPI values of any MSA in the U.S. only recently[17] which has also coincided with Boise appearing on many "Top 10" lists including the OBC.

[17] https://www.weknowboise.com/blog/real-estate-market-trends/

Regions

Table 3.4 Proxy MSAs by Region, 1969-2018 Per Capita Income

	ANE	ASE	NMW	SMW	PNW	PSW
InOut	-10698.56+ (9641.84)	-20122.3*** (4116.20)	-852.08+ (4080.31)	-9548.49+ (7986.66)	-24190.25*** (4734.56)	-13183.66*** (4683.00)
Year	996.55*** (8.87)	842.65*** (4.09)	882.49*** (3.64)	865.58*** (7.84)	884.07*** (8.23)	873.56*** (10.85)
Outside proxy	90.86*** (24.76)	156.84*** (10.28)	119.27*** (9.29)	154.68*** (18.31407)	44.15*** (15.46)	164.07*** (20.90)
Growth rate	1021.94	870.63	900.79	894.94	915.24	934.44
Cons	-1424.35*** (-1595.57)	-797.81*** (-892.9)	-303.07*** -(462.63)	-979.173*** (-1344.99)	-334.9696+ (-639.90)	-65.21+ (-502.88)
N	2,802	5,849	3,662	2,849	1,628	2,100
R^2	.83	.89	.95	.83	.90	.80

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H5: Regions with slow overall growth will have the strongest effect on GDP/capita income as the attraction of LBP amenities will have a stronger pull vis a vis other effects.

H5 is supported by this as all of the OBC cities by region (with the exception of the Pacific Southwest which is strong in both OBC and overall growth) show an inverted effect of OBC growth vs. overall growth in per capita income:

Table 3.6 Overall vs. Outside Causal Per Capita Per Growth (Rankings)

Region	ANE	ASE	NMW	SMW	PNW	PSW
OBC Rank	5	2	4	3	6	1
Overall Growth Rank	2	6	4	5	3	2

Table 3.7 Proxy MSAs by Region, 1974-2018, HPI

	ANE	ASE	NMW	SMW	PNW	PSW
InOut	-96.06** (45.75)	-146.86*** (30.97)	57.43+ (51.98)	-16.14+ (32.39)	-278.84*** (62.48)	543.71*** (89.18)
Year	4.45*** (.06)	4.04*** (.04)	2.21*** (.07)	2.91*** (.07)	-1.06*** (.11)	3.40*** (.10)
Outside proxy	-.26** (.15)	.48*** (.09)	.88*** (.18)	1.18*** (.19)	-.29+ (.21)	-.03+ (.24)
Growth rate	4.35	3.93	3.36	3.91	5.10	5.10
Cons	-3.82** (-3.94)	5.27*** (6.56)	65.36*** (69.97)	68.55*** (72.98)	163.05*** (158.32)	67.13*** (72.30)
N	2,216	3,985	2,343	1,849	1,104	1,487
R^2	.74	.74	.34	.46	.94	.40

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H5: Regions with slow overall growth will have the strongest effect on GDP/capita income as the attraction of LBP amenities will have a stronger pull vis a vis other effects.

The same roughly holds for HPI, although as PNW and PSW did not show significant results (NS) we have fewer data points:

Table 3.8 Overall vs. Outside Causal HPI Growth (Rankings)

Region	ANE	ASE	NMW	SMW	PNW	PSW
OBC Rank	4	3	2	1	NS	NS
Overall Growth Rank	2	3	2	4	1 (tie)	1 (tie)

Second Analysis: Listing in *Outside* as Catalyst

At the same time, however, it is insightul to also look at being listed in *Outside* as a catalyst for further growth, as the magazine is widely read by active outdoor sports enthusiasts and echoes similar ratings in sport specific magazines such as *Climbing*, *Cycling*, *Skiing*, and others not used in the analysis. As such, I also present the "casual" results in which the first year of being listed in *Outside* is used as a treatment and a quasi-experimental interrupted time series analysis is performed at each level to see those results in separate tables. From the results, we can see in many cases that the outside listing also lead to this catalyst effect, a kind of punctuated equilibrium in which a confluence of factors as recognized in *Outside* leads to a more sudden change.

Table 3.9 All MSAs, 1969-2018, Causal Effect

	Per Capita Income	Population	HPI
InOut	-15559.59*** (3434.63)	1085496+ (915200.9)	68.75*** (18.22)
Year	899.00*** (2.77)	-1615.92+ (20340.61)	4.07*** (.02)
Outside causal	494.29*** (76.34)	-1615.92+ (20340.61)	-1.16** (.07)
Growth Rate	913.462	450450.4	4.13
Cons	-924.29*** (79.81)	370812.2 *** (22158.7)	-.80*** (.80)
N	18,000	.015218,000	12,355
R^2	.86	.0152	.72

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses

When using *Outside* listing as a cause, H1, H2, and H6 are all still strongly supported.

H1: While there will be general growth across the board in most cities, being recognized as an OBC outdoor sports destination will result in a larger over time increase in per capita income, compared to cities that are not recognized.

Across all MSAs, once being listed in *Outside* cities tend to rise much faster than their peers at $494.29 per year as opposed to $131.06 when *Outside* is used as a proxy.

H6: None of these OBC factors will be significantly correlated with population growth.

Again, population growth does not show any statistical significance and therefore H6 is supported.

Tiers

Table 3.10 Casual Per Capita Income MSAs by City Tier, 1969-2018

	Tier 1	Tier 2	Tier 3	Tier 4
InOut	-23864.82** (8204.79)	-32548.41*** (7769.12)	-17977.12* (7067.31)	-11431.80*** (2300.40)
Year	1132.931** (18.71)	999.3936*** (15.64)	996.6527*** (9.05)	858.03*** (2.64)
Outside causal	651.98*** (186.67)	912.77*** (171.29)	404.60* (154.64)	858.03*** (2.64)
Growth rate	1185.19	1106.42	1000.81	872.47
Cons	-899.60 (502.94)	-143.18+ (412.08)	-1358.59*** (252.15)	-729.61*** (76.02)
N	350	850	2,850	14,878
R^2	.94	.89	.83	.89

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018.

H3: The effect of proximity to outdoor activities with vary by city size on per capita income. The effect should be largest in second tier cities, which have room to grow but also have other amenities outside of LBPs to attract employers.

H3 is somewhat supported by this as Tier 2 and Tier 4 show the fastest growing incomes when *Outside* is used as a causal variable. Once again, we see Tier 3 being an outlier. This may, similar to the proxy case, show that resources and talent are favoring Tier 2 cities over Tier 3, and that Tier 4 cities are attractive for their very remoteness.

Table 3.11 Casual HPIs MSAs by City Tier, 1969-2018

	Tier 1	Tier 2	Tier 3	Tier 4
InOut	272.79*** (61.20)	-168.26* (71.43)	-5.98* (3.24)	-24.91*** (2.28)
Year	2.65*** (.60)	2.895303*** (.16)	3.94*** (.06)	3.90*** (.03)
Outside causal	-6.13*** (1.40)	2.89* (1.59)	.21* (.10)	1.03*** (.07)
Growth rate	5.64	2.40	4.02	4.07
Cons	-15.93*** (5.83)	59.74*** (4.38)	4.74* (1.99)	2.63* (1.00)
N	259	586	2,308	9,779
R^2	.83	.36	.75	.73

SOURCE: 2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H4: HPI effects will be most strongly felt in lower tier cities as despite their relative isolation having a "base" in these cities is a strong economic asset.

H4 is supported by this data as well. Tier 1 cities, when Outside is used as a causal variable, actually show negative HPI growth compared to their peers. The fastest growth is in Tier 2 and Tier 4, which somewhat reflects the per capita income results

Regions

Table 3.12 Causal Per Capita Income by MSAs by Region, 1969-2018

	ANE	ASE	NMW	SMW	PNW	PSW
InOut	-10698.56+ (9641.84)	-20122.3 *** (4116.20)	-852.08+ (4080.30)	-9548.50+ (7986.66)	-24190.25*** (4734.56)	-13183.66* (4683.00)
Year	996.55*** (8.87)	842.66*** (4.09)	882.49*** (3.64)	865.58*** (7.83)	884.07*** (98.23)	873.56*** (10.85)
Outside causal	367.40* (213.46)	574.11*** (90.99)	168.54* (89.21)	393.47* (175.50)	604.55*** (104.81)	459.71*** (104.99)
Growth rate	1013.01	861.17	902.15	894.23	910.74	925.26
Cons	-1424.35*** 254.53	-797.81*** (116.94)	-303.07** (104.43)	-979.17*** (223.67)	-334.97+ (227.56)	-65.21+ (301.08)
N	2,802	5,849	3,662	2,849	1,628	2,100
R^2	.83	.89	.95	.83	.90	.80

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H5: Regions with slow overall growth will have the strongest effect on GDP/capita income as well as HPI as the attraction of LBP amenities will have a stronger pull vis a vis other effects.

Table 3.13 Overall vs. Outside Causal Per Capita Per Growth (Rankings)

Region	ANE	ASE	NMW	SMW	PNW	PSW
OBC Rank	5	2	1	4	1	3
Overall Growth Rank	1	6	4	5	3	2

H5 is fairly well supported in Table 12 as well, as there is a somewhat inverse relationship between overall regional growth and Outside causal growth in per capita income.

Table 3.14 Causal HPI by MSAs by Region, 1969-2018

	ANE	ASE	NMW	SMW	PNW	PSW
InOut	-96.06* (45.74)	-8.36* (3.02)	57.43+ (51.9)	-25.52*** (4.60)	-278.84*** (62.48)	-1.77+ (5.70)
Year	4.45*** (.05)	4.06*** (.04)	2.21*** (.06)	2.71*** (.07)	-1.06*** (.11)	3.14*** (.13)
Outside causal	1.81* (1.01)	.48*** (.09)	-1.35+ (1.15)	1.18*** (.19)	6.19*** (1.38)	-.04+ (.24)
Growth rate	4.40	4.15	2.19	2.91	-1.02	3.13
Cons	-3.95* (1.75)	6.56*** (1.42)	65.36*** (2.14)	72.98*** (1.96)	163.05*** (3.10)	72.30*** (3.22)
N	2,216	3,985	2,343	1,849	1,104	1,487
R^2	.75	.75	.34	.47	.94	.35

SOURCE: BEA MSA Economic Data, 1969-2018, FHFA Housing Price Index Data, 1974-2018, Outside Magazine compilation of "Best Places to Live" Index, 2003-2018. Table entries are OLS coefficients with standard errors in parentheses +p<0.10, * p<0.05, ** p<0.01, two-tailed

H5: Regions with slow overall growth will have the strongest effect on GDP/capita income as well as HPI as the attraction of LBP amenities will have a stronger pull vis a vis other effects.

Table 3.15 Overall vs. Outside Causal Per Capita Per Growth (Rankings)

Region	ANE	ASE	NMW	SMW	PNW	PSW
OBC Rank	2	4	N/A	3	1	N/A
Overall Growth Rank	1	2	5	4	6	3

H5 is somewhat supported in Table3.14 as well, as there is a somewhat inverse relationship between overall regional growth and Outside causal growth in HPI. This is particularly true for the fast growing (and outdoor sports intensive) Pacific Northwest, which might indicate a very strong relationship between people moving to the region for outdoor sports vs. people who are in the region for more general reasons.

Conclusions and Implications

Cities that play are cities that pay over the long term. Aside from all of the savings in time, energy, and expense in recreating to enjoy outdoor LBPs, residents of these cities also generally experience a long-term economic windfall in terms of per capita income and housing values. This has implications on the individual, firm, investor, and policymaker levels. Furthermore, although this study is limited to the effects of proximity and acclaim for outdoor sports only, there is no reason to believe that this kind of effect would not be present with other LBPs as I have described in "Pay to Play."

Individual

For individuals inclined towards outdoor sports, pursuing work and projects in OBC locations can prove to be not only pleasurable but profitable as well as seen in the

higher per capita incomes and housing values. There are a range of other benefits as well not examined in this paper including access to a communities of like-minded individuals as well as a likely positive effect on subjective well-being.

Firm

From a firm level, this has strategic implications particularly in terms of human resources and attraction for scarce talent. As OBC cities will attract higher incomes with a devoted group of practitioners to their LBP, this implies the ability to attract high-quality long-term talent to these cities to create sustainable top-tier staff. In terms of salary, a higher GDP per capita implies that staff in these OBC cities need to be paid somewhat more on a per-annum basis, but at the same time I have found evidence that highly passionate people will accept lower salaries to be closer to their LBP of choice and that this effect covers the entire spectrum of LBPs including outdoor sports, food and entertainment cultures, religious communities, cultural clusters, and others as described in the previous essay "Pay to Play." Finally, as I describe in the next essay "Clusters in the Wilderness" many Tier 2 and Tier 3 cities have a lower "happiness income" than tier 1, and a little goes a longer way.

Investor

On the investor level, there is a tendency to pool global 80% of capital into top-tier global cities while letting the remaining 20% fight for the rest, often in R&D related investments (Castellani and Santangelo, 2016) This work shows strong growth in particularly in second tier cities and indeed there is evidence to support that capital is

flowing more widely into these cities. One takeaway is that showing evidence of higher GDP/capita and housing price growth over the long term can make potential talent more likely to want to stay in these areas both due to a higher general level of economic opportunity as well due to the value of their own housing assets.

Policy

From a policy perspective, local governments should have an incentive to promote and support the OBC activities relevant to their location. It is important to note that many of the non-OBC cities in the sample have comparable or in some cases even better natural resources and amenities to the OBC cities, so this can give them an untapped source of competitive advantage if policymakers can tap into this. St. George, Utah, for example, is well-known among insiders in the climbing and mountain biking worlds as a top destination, but manages- perhaps deliberately-to avoid publicity (there is an equally long lore among climbers, skiers, mountain bikers, and surfers of their "secret places"). Policymakers need to at the very least recognize their LBP areas of natural advantage and attractiveness and develop and maintain them if they want to continue to harvest this effect.

As studied in "Pay to Play," job seekers will not make economic trade-offs for amenities that they are not passionate about. This is shown both by the significant number of respondents who would make little or no trade-offs despite their passion as well as by the observation that almost noone will make a trade-off for an LBP they are not highly passionate about. This is a very strong wakeup call for policymakers, who feel

that because the city next door has a new stadium (or a new cluster of restaurants and bars, or a new mountain bike park, or a new ski area, or a new church), that they must invest scarce public resources in keeping up with the neighboring cities by building infrastructure around that LBP. LBP amenities, based on this research, are only important externalities to those who care about them, and not a silver bullet for development. Furthermore, as we have seen the effect of catering to two LBPs is significantly stronger than one, so several areas of amenities (i.e. outdoors and brewpubs, or churches and restaurants) would likely be the most effective. The core strategy here, then, should be for local policymakers to identify what it is about their location that is already robust and build on these to identify the types of talent who have strong and matching LBPs and will be happy to come and stay. The same goes for investors and HR managers who want to attract this talent into firms and specific roles. Money only goes so far, and local LBP amenities only attract certain individuals. Finding a winning combination of two seems to be ideal based on these results.

Finally, as this effect is observed both over the long-term (by using the OBC index as a proxy for growth over 50 years) and over the short-term (by examining the OBC index as a quasi-experiment and trigger for growth over the listed years since 2003), the most benefits will go to those who locate in these cities somewhere near the time they first enter the OBC and generate some degree of "buzz." This dynamic is similar to the way economic clusters work at their core—there is no such thing as a cluster of one, but there is also evidence that once a cluster reaches an optimal size that the number of freeloaders on the economic spillovers will begin to outweigh the positive

benefits (quote from clusters). Timing is everything, and locating resources at the individual, firm, investor, and public level at optimal time is key to reaping the highest level of benefits.

Limitations and Further research

One key question that remains for policymakers is exactly what degree of public resources should be invested into building and maintaining these OBC and LBP amenities. Amenity investment has been thoroughly studied as I have covered in the literature review, but not specifically from the view of metric-driven economic growth.

Next, there is a possible case that these types of cities also tend to attract more educated residents over the long term. I conducted some initial research on the relationship between being an OBC and education levels, but this proved to be inconclusive due to the lack of a robust data set. From the profile, however, outdoor sports enthusiasts tend to have higher than average education levels. There may be some relation here, though, and in terms of attracting highly-educated researchers and professionals this could add another level of depth to these initial findings.

Another level of research could be done to compare regional purchasing power parity to the income effects in various MSAs. From these results, there is fairly high growth in first and second tier cities as well as in more expensive parts of the country.

Comparing regional PPP could help to smooth out these differences and cursory analysis shows that this would amplify the findings in this paper.

Next, there is the question of how much being an OBC attracts investment in the long-term. An additional dependent variable based on investment could examine whether these cities are attracting not only talent but capital as well, which seems evident from the increase in per capita income.

Finally, this research only covers physical outdoor sports, and is thus restricted to a small slice of the spectrum of LBPs. There is much room for similar studies to be conducted using other proxies, from food to religion to culture to social clusters. All of them have a similar set of magazines and indexes, and all have both U.S. and global followings. When it comes to active outdoor sports, it certainly pays to play, and I suspect that due to the nature of LBPs described in all of these essays that that is the case across the board as the net economic effect of many individuals who have mastered the work-leisure balance to live in happier, more productive lives as they define them can show.

ESSAY 3: CLUSTERS IN THE WILDERNESS: KNOWLEDGE SPILLOVERS BASED ON OUTDOOR RECREATION

Abstract

Smaller cities like Boise wishing to reap the benefits of clusters should play to their strengths and creating an urban ecosystem condicive to high-trust informal social interaction may be one underexplored area of competitive advantage. I examine how participation in LBPs can lead to increased knowledge spillovers in the formal economy and drive increased and sustainable economic success by looking at interactions between key players in the economy around a typical third-tier city, Boise, Idaho. In this paper, I build a basic theory by looking at background factors and the literature around policy and economics, examine these cases and related data and provide initial analysis. This adds to the literature by showing how positive economic spillover effects from outdoor recreation can help to bind and vitalize communities. Furthermore, I find an even distribution of passion for outdoor sports across political ideology indicating room for political accord and tailored policies. This research also helps show local public policymakers, firms, and investors see why they need to look beyond the balance sheets when making location choices and to embrace the absolute advantages of Location-Based Passions (LBPs) unique to their physical and cultural landscape.

Keywords: Economic clusters, leisure, outdoor recreation, competitive advantage.

Introduction and Theory

"All business is done on the golf course." –Golfer's Adage

"There is no bond like the brotherhood of the rope." –Climber's Adage

In an increasingly interconnected and competitive world, the idea that clusters can form around high value industries in a concentrated geographic location holds high appeal for firms wanting in on the action, individuals working in these industries, and local governments looking to capture economic benefits and make their cities more desirable to attracting and retaining these firms and individuals in a competitive global environment. Global cities, such as New York, Hong Kong, London, and elsewhere often contain clusters of clusters with multiple industries located in a single geographic setting, and increasingly attract and retain the lion's share of global economic activity (Castellani and Santangelo, 2016). Clusters have captured the attention of scholars, business leaders, and policy makers alike and have generated a good deal of often conflicting research. As Saskia Sassen, who coined the term "Global Cities" at the University of Chicago nearly twenty years ago noted, the true centers of global economic activity are located behind the mirrored glass of the towers that line the landscape of the global cities (Sassen, 2016).

But where does this leave smaller, lesser-known cities without all of these advantages? What, if anything, is left for the "99%," and how can they capture it? There is widespread agreement that clusters exist and bring economic benefit, but not a clear consensus on how, why, or who will attract and retain them beyond the usual Global Cities suspects. I will argue that all cities large and small have their unique, non-

economy based resources and attractions based around thriving local cultural communities and accessible nearby physical landscapes, and these are precisely the kinds of absolute advantages beyond sheer size that will attract and retain the dedicated cadre of talent needed to base a cluster on. These amenities create LBP-driven cluster effects that benefit from and reinforce underlying economic dynamics, and in the end help form the economic and cultural basis for policymakers to build great places to live and work in.

Clusters are not intuitive, as they put competitors literally back-to-back, both incentivizing and depending on them to share resources, ideas, and talent through what Jaffe (1993) described as knowledge spillovers. A knowledge spillover is a kind of positive externality, or benefit that accrues to everyone in proximity, in which a discovery in one space tends to influence and spread around the surrounding space. This in turn gives firms incentives to work in close proximity insofar as the benefits from the spillovers overcome the disincentives—such as staff leaving to competitors, secrets leaking, or competing for scarce resources, and they often do as is seen in clusters around the world from movies in Hollywood to finance on Wall Street to aerospace in Toulouse to turbines in Wuxi.

Scholars agree that they are just starting to understand the relationship between amenities, quality of life, and economic growth particularly in smaller cities. (Deller, et. al,2001, p.357) These same resources (slopes, lifts, and trails) also have utility in “off” season activities such as mountain biking, hiking, and horseback riding. Thus, smaller

areas that can take advantage of these combinations of natural and developed resources are in a position to expand their local economy. In other smaller cities, Branson Missouri holds its famous annual motorcycle rally attracting Harley riders from across the globe. Provo, Utah, forms a base for the Later Day Saints community around Brigham Young University and the center of their church. Hood River, Oregon is famous for brewpubs and views of the nearby majestic Mount Hood. Thus, these attractions can be cultural as well.

Definition: Location Based Passions are leisure activities enjoyed in a singular and specific physical geographic place whose experience relies on knowing, understanding, and mastering the unique qualities and characteristics that define it.

In my theory, Location Based Passions, which in my definition rely on the physical geography of the place people engage in them, are very important for several reasons. First, they are accessible in proportion to the culture and natural assets of a certain place, such as outdoor sporting activities, museums and galleries, active religious communities, and restaurants and bars, as well as their local concentration and development and ease of access. As such, I did not include "portable" activities (such as video games, watching Netflix, or reading novels) nor did I include non-leisure activities such as access to education or medical care. I excluded more generic location-based passions which are widely available and relatively standardized in developed countries such as shopping malls, indoor gyms, and chain restaurants. I also did not include highly individual considerations, such as proximity to family and friends as these are defined by

individual choices and circumstances rather than by policy, entrepreneurship, and geography.

Table 4.1 Characteristics of Location-Based Passions (LBPs)

	Place Characteristics	Culture Characteristics	Participant Characteristics	Amenity Characteristics
LBPs	- Unique - Single location - Needs place	-Inclusive -Networked -Rules implicit - Skill/background / belief based	-Leisure time -Willing -Networked -Find through specific information	-Specific venues -Singular access
Non-LBPs	- Not unique - Multiple location options - Does not necessarily need place	- Non-inclusive - Not necessarily networked -Rules not necessarily implicit - Not necessarily skill/background/ belief based	-Not necessarily leisure -Not necessarily willing -Not necessarily networked -Find through general information	-May or may not require venue - Multiple points of access or not an issue

LBPs can be grouped around various activities: outdoor activities (mountain biking, skiing, climbing, camping, hiking), cultural activities (museums, public parks, concerts, sporting events), food and drink (pubs, wine bars, clubs, fine restaurants), and religious and club activities (religious communities, alumni communities, clubs). All of these LBPs exist outside of firms proper as they are assets of the community and or the landscape and are dependent upon ease of access in terms of commute time and

community present. Therefore, they are by definition a positive economic externality (particularly to job seekers with a high degree of passion for the LBP). Furthermore, we can see LBPs as behaving in many ways like clusters, their economic cousins:

Definition: An (economic) cluster is a geographically proximate group of firms and related institutions in similar industries who share economic and social interdependencies (Rocha, 2004; Porter, 1998). Economic clusters, like LBPS, also require a specific location, have a highly specialized network of participants, require a community to grow, and whose excellence is defined in many ways by the unique value-add that their firms (or for LBPs venues) add to the industry (or for LBP the activity).

In this paper, I concentrate on mountain towns, in this case Boise Idaho, to show how leisure (in this case skiing) brings people across different groups together. In my research, I look at why, how, and where cluster participants share knowledge outside the formal structures of their professional affiliations and argue that informal networks based on a high degree of trust can serve as a key driver to building these networks. These informal networks can be derived by non-work ties and shared interests outside of purely economic motives—hobbies, passions, beliefs, and extracurricular activities. People participating in these LBPs in them share core beliefs, values, and goals that transcend a vision of mankind as a pure economic animal, and the relationships formed around them can lead to bridges between unconnected social groups, creating social capital. In this sense they act as a kind of advocacy coalition (Sabatier, 1988) that operates on leisure-lines that blur the political and economic divides while simultaneously reinforcing their similar interests. This social capital, in turn, can become a key source of competitive

advantage to smaller areas looking to derive growth, quality of life, and tax benefits from clusters without the resources and allure of the Global Cities. Examples of these informal networks range from alumni of noted business schools (more on the formal side) to members of the same Church (somewhere in the middle) to skiing and rock climbing partners (more on the informal side.)

The Policy Logic of Clusters, Binding Ties, and Skiing

To begin with I look at four areas of literature. First, I will look at this through the policy lens and see how local policy actors can be cognizant and utilize the dynamics of clusters, networks, and outdoor sports communities. Next, I will examine some of the history on economic agglomeration and clusters as well as the literature about optimum cluster size and location. Then, I will look at the literature on informal networks and trust-based ties, particularly in terms of how this can lead to knowledge spillovers. Finally, I will take a brief look at some of the history of informal cluster formation in the State of Idaho which has paved the way for my research case of contemporary Boise.

Why is this an important public policy issue?

As a question at the heart of political economy, there are a rich tapestry of theories around the relationship between economic development and politics and an increasing literature about how this applies specifically to public policy. There are various theories and key questions to approach this question: first, in terms of why economics and economic development are important to politics and public policy? Second, how is economic development done particularly in light of scarce and often

similar resources? Third, who is it done for and why? Fourth, where should economic development be done?

According to Dwight Waldo, administration scholars tended to approach questions of political economy and economic development by jumping directly into the "how" without taking a deeper look at "why." Waldo, in The Administrative State (1957), asks as a primary inquiry the question of "what is the nature of the Good Life?" and finds that "from Machiavelli to Marx, public administration scholars had a vision of what the "good society" looks like: It is industrial, urban, and centrally planned; it has no poverty, no corruption, and no extremes of wealth. Science is its ideal, and waste and inefficiency are its enemy." (Frederickson, Smith, Larimer, & Licari, p. 51). Clearly, as Waldo noted, this is a highly normative assertion underlying core assumptions in how public policy and politics relate to the world. Moreover, a cursory glance at our current world- which also includes post-industrialism, a growing global urban-rural divide, gridlock over centralization, clear poverty, obvious corruption, and extremes of wealth not witnessed since Wilson and Taylors's (who began with the modern framing of how) time- shows there is more than one idea of society. Thus we may begin with saying that for politicians, the key economic development question is to define the Good Life via a vis their particular constituents.

On a local level, where resources are increasingly scarce and competitive, the question of why becomes ever more pragmatic. As Lowi noted, all policies are either distributive, redistributive, regulatory, or constituent and hence tend to have a strong

economic bent (Lowi, 1972). Economic development involves a distribution of new resources, as in the discovery of some new means of production or asset, or the redistribution, as in a foreign plant relocating or a grant issued to a locality. In this context, as Paul Brace notes in his study on State Economic Development "at a most fundamental level, federalism places states in economic and political competition with one another." (Markel 2014, , p. 644) Brace hits the nail on the head by tying how local political leaders' fortunes are intimately tied (particularly in democratic systems where leaders are elected) to the economic fortunes of their constituents:

> "Economic development policy is more political than economic. The relevant decision makers are accountable to voters and weigh how voters weigh their development policy choices more heavily than if the complex costs of winning new investments outweigh their economic benefits. Moreover, constituents who stand to benefit or be injured by economic development policy are more likely to mobilize than the citizens who bear the diffuse costs: political feasibility can counteract economic produce' (p. 645).

Businesses- particularly global businesses with the ability to locate labor and capital across a wide range of geographies- are well aware of this dynamic and tend to play competing localities off each other (Marr and Jones, 2008) and come to "expect that they will receive (favorable business arrangements)" (Markel, p. 660), creating what Brace and others have described as a "race to the bottom" (p. 661) in economic

development policy often based on increasingly cheaper tax and land incentives and laxer regulatory regimes.

But need this be a race to the bottom? With all of the diverse and excellent fixed resources and mobile talent and capital that exists in the world, surely there is a better way to organize. In my view, savvy local leaders should not only be aware of this but change the game in their favor by playing to the unique physical and cultural strengths unique to their own locations. By merely matching and beating the most attractive policy offers provided by competing locations for resources, this "race to the bottom" tends to become a "keeping up with the Jonses" type of zero-sum game policy battle that has little clear benefit to wider constituencies as resources are not directed at inherent skills. Policy diffusion can be useful in the sense of spreading best practices, or contagious in the light of spreading inefficiency.

Contribution to a Geographically Local Theory of Absolute Advantage

Recently, in addition to the work of Melo and Baiocchi previously cited there has been an increasing amount of scholarship on sustainable economic development (Marsden., & Smith, 2005, et. al.) and even on rock climbing and poverty in Kentucky's lovely Red River. However, I find in much of this work to be the same "cart before the horse" kind of logic that has created perverse incentives that lead to the "race to the bottom" Brace described and will simply lead too much unused infrastructure.

In my view, what lead up a to collective gathering of our best selves rather than a race to the bottom is for local policymakers to find what Adam Smith long ago described as “absolute advantage” based on the ability of a group of people to produce more output under any circumstances in their own backyards rather than shopping through off-the-rack policies ala the diffusion of policy innovations. The clever policymakers of the future will not “build it and they will come” but discover exactly what makes their own locales special enough that those who come will want to come and to stay, whether it is to mountain bike, to eat excellent pizza, or to view a tranquil prairie sunset. As an anecdote, when I first wrote this from a café in remote Ely, Nevada (population 3,968, elevation 6,437 feet), I asked two young patrons sitting next to me born and raised in this small city what they thought of the place. The first replied that he thought it was lame, and could not wait to get back to Las Vegas and beyond. He surely will find a place elsewhere. The second, though, replied that she loved this place for the mountains, the camping, and the endless vistas and wants to stay. She will form the talent backbone of this place and local policymakers will be wise to recognize her and people like her in building the future of this city. now, nearly a year later working on a revision, I check my Facebook feed for a group of active Idaho ice climbers and explorers and find a post of a new icefall explored by one of the members of our small group close to that cafe in Ely. Other members include Micron engineers and the husband of a Sun Valley council member. Word is getting out, and the talent will be sure to follow.

LPBs are important to policymakers, firm leaders, capital allocators, and individuals as, when people follow their LBPs, not only are they willing to pay to play in

terms of quantifiable economic trade-offs for proximity. Job seekers will trade-off a definite amount of job-based reward and compensation in proportion to their interest in a single location-based activities based on hypothetical job offers of US $30,000 where they will give up 4.3% and at US $80,000 where they will give up 8.2%. Furthermore, when close to two or more of their LBPs the numbers increase to 5.4% at US$30,000 and 10.6% at US $80,000. Not only will people make trade-offs, though, there are also positive economic cluster effects to being based in cities that are recognized as top-outdoor sports cities enjoy a mean US 14.06% annual increase in pretax income (US $6,553 over the period) and an annual .69% increase in housing value than those that are not recognized as noted in "Pay to Play"). In other words that it also pays to play.

Clusters: Grouped Together, is Bigger Better?

The idea of positive externalities from clusters or agglomeration is nothing new, dating back to Marshall's (1920) work showing that firms benefit from access to a pool of specialized labor, specialized input providers, and spillovers of technology by competitors. Marshall showed that firms indeed do often find that the advantages outweigh the disadvantages which has driven the sheer global number and diversity of clusters, and since this time clusters have continued to thrive both in their inception, the level of competition to attract and retain them by governments, businesses, and investors, and the amount of research that they generate (a Google Scholar search on "economic clusters" generates 1,450,000 results). Here is a recent US cluster map by the US Department of Commerce and Harvard Business School:

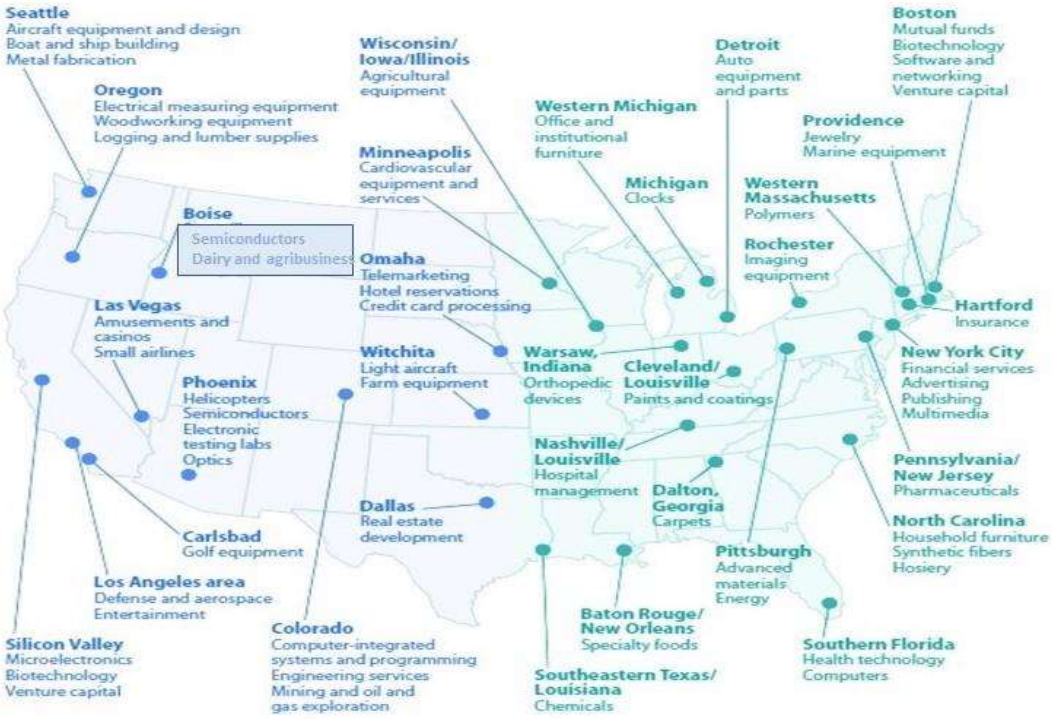

Figure 4.1 Economic Clusters Across the United States

From: http://www.clustermapping.us/content/clusters-101, edits.

A number of interesting questions have grown out of the work on agglomeration revolving around the optimal size of a cluster as well as how information flows between competitors to produce these agglomeration effects. Much work has supported the "bigger is better" theory that backs global cities and industry clusters. Sassen (2001) argues how new forms of globalization helped drive concentration in the global financial services industry across New York, London, and Tokyo and the implications of these clusters. This work has been further supported by a number of scholars including John Friedmann's World Cities (Friedmann, 2005) as a staging point for global capital, studies to show "spikiness" across dimensions (Florida, 2005), and many others. In terms of attracting foreign direct investment, bigger often is better and Castellani and Santangelo

(2016) recently found that over 80% of cross border investments accrue to the top 100 global cities. This leaves a staggering number of smaller cities competing for the remaining 20%, and many of these projects tend to be research and development intensive making them amenable both to a strong knowledge talent base (Castellani and Santangelo, 2016) as well as to a strong lifestyle base. I believe that with such intense competition for scarce knowledge workers, lifestyle considerations around LBPs can be a key factor in attracting and retaining. This is important as each city has its own natural set of LBPs—be they mountain sports and family culture around Boise, mountains, oceans, and great restaurants around Portland, Oregon, or the rock and roll and academic club scene around Champaign-Urbana, Illinois. These LBPs differ from widely copyable leisure amenities such as shopping malls, gyms, or access to video games as they have a strongly unique set of attributes that are very hard to replicate.

Beyond the global cities, a parallel stream of research looks at how and why industries agglomerate into a single place without obvious economic and political attractions beginning with Krugman's (1991) seminal study of the Dalton Georgia carpet industry, showing how it shares economic characteristics of more famous clusters such as Silicon Valley. Less "sexy" industries also tend to form clusters in less well-known global cities. When asked how Wuxi, a well-off but not so well-known industrial city in Eastern China built a cluster around turbines and auto parts manufacturing, a local official remarked "Shanghai and Suzhou want to be the Silicon Valley of China. We are happy to be the Detroit" (Marr and Jones, 2007). Thus, size is just one factor, and industry focus and the requisite talent attraction are often more important

Another challenge to the "bigger is better" view comes from Shaver and Flyer (2000) who find that smaller, less leading foreign firms locating in clusters abroad tend to fail at a higher rate after eight years than already dominant firms who go it alone, indicating that stronger firms will attract less of a cluster effect and will do better going it alone as these strong players will incur negative externalities from newer and weaker entrants. Cases in point are Microsoft, which moved its headquarters from Albuquerque, New Mexico to Redmond, Washington with the view that they could go it alone with their then new Windows 7. Similarly, Boise's Micron has benefitted from being a standalone tech giant here in Boise, Idaho. Folta, Cooper, and Baik (2006) also find that there are increasing returns to cluster size but that diseconomies begin to form across important dimensions of knowledge and resource sharing particularly as weaker competitors begin to join the cluster and tip the balance of positive externalities. This seems to show particular promise for second and third tier cities particularly in attracting new industry participants, and in my preceeding two essays I find evidence for this on both the macro (in terms of rising GDP/capita and housing price index in smaller cities famous for their outdoor amenities) and the micro in terms of job seekers willing to locate and relocate in smaller cities at a lower salary in exchange for proximity to their LBPs.

Leaving aside the questions of size and concentration, what incentives exist for competitors to share resources within clusters? Much of the literature on the topic is concerned with the formal incentives that can be put into place to drive cluster formation.

Michael Porter (2000) looks at the economics and suggests policies around clusters, and these and related ideas have influenced governments around the globe from to local municipalities to China. My own research on attracting foreign direct investment to Chinese second and third tier cities conducted over 2006-2008 for the Economist Intelligence Unit showed that local governments had a tendency to copy and undercut other incentives in the hope of attracting key "tenants" to their clusters (Marr and Jones 2007, 2008). As a result, businesses would play them off of each other and tend to make decisions more based on the logic of their supply chains and the availability of talent (one manager remarked that all of the incentives in the world did not make a difference if you had no access to talent and had to spend half of your managerial time training employees in basic skills such as using a sit toilet that were generally taken for granted, creating significant hidden costs. (Marr and Jones, 2007). Furthermore, the more "vanilla" and top-down the cluster was the higher the rate of attrition among employees both skilled and unskilled, driving up costs, creating production inefficiencies, and jeopardizing intellectual property.

Initial investigations and interviews at the time found that smaller cities with higher quality of life—such as East China's Hangzhou and Nantong as compared to larger Shanghai and Nanjing—were better able to mitigate these factors and were a key factor in both the cluster development as well as the emergence of star companies such as Hangzhou's Alibaba. As Jack Ma, founder and Chairman said in a 2006 interview I conducted with him:

> "One major benefit for companies located in Hangzhou is that it is easier to be a big fish in a small pond. Many multinationals entering Hangzhou realize that it is much easier to get support of the local government, because Hangzhou is so aggressive about attracting foreign enterprises. So you have all of the economic openness of Shanghai, with much more attention and encouragement from the government, simply because there are fewer companies to compete with. Hangzhou is a paradise for attracting and retaining talent. Unlike Shanghai, where people tend to job-hop much more, employees in Hangzhou are more likely to stay loyal to an employer." (Marr and Jones, 2006, p. 92)

Porter Erisman, author of Alibaba's World and then Vice President of Marketing at Alibaba, added that being located in Hangzhou allowed employees to take frequent hikes in the mountains during working hours, helping add to their creativity and making it an attractive place to work, and that key talent was unhappy to leave for roles in the larger playing fields of Shanghai, Hong, Kong, and beyond (Marr and Jones, 2006). Thus, I believe this dynamic is not unique to the U.S. or even to countries like the U.S. and has global implications for cities with very different political, economic, and cultural systems.

The Brotherhood of the Rope: The (informal) Ties That Bind

In his seminal article on the characteristics of social networks in 1973, sociologist Mark Gravottener (1973) examined the data on widespread social networks to determine whether information spreads more diffusely through "strong ties" or "bonding ties" ie.

people who see each other on a regular basis such as colleagues and family, or through "weak ties" or "bridging ties" ie, people whose networks only occasionally cross and see each other infrequently such as acquaintances or friends of friends. Gravonetter looks at the importance of weak ties in the developing of social networks and the dissemination of information and posits that weak ties as defined by individuals who have infrequent social interactions are ultimately more effective in diffusing information over wide networks than strong ties such as family and close friends due to the nature of networks. This finding is particularly relevant to smaller and more isolated cities with a fairly strong tourism industry such as their historical geographic isolation as defined by their distance from a major urban center. Gratovenetter (1973) further finds that there is a degree of choice in how weak ties are formed based on preference and trust, giving smaller and isolated cities a good reason to "nudge" (Leonard et. al., 2008) their communities into developing more weak ties particularly into highly sought-after talent. In the following cases, I will look at how skiing and outdoor recreation are a good example of these weak ties and help form the basis for social networks that extend into the economic and political spheres.

Anne Saxenian (1994) looks outside the formal networks and relationships within firms to find that a complex network approach underlies the success of Silicon Valley and Boston's Route 128, underscoring the social ties that underlie the alchemy of cluster formation. Saxenian and Hsu (2001) also take this idea across global boundaries in comparing the success of Silicon Valley and Taiwan's Hsinchu, noting the importance of a generation of US-educated (often in the Silicon Valley area) Taiwanese entrepreneurs,

who then took these social networks and knowledge back to Taiwan to create economic and innovation clusters such as Hsinchu outside of Taipei home to tech giants Acer and TSMC. This relates directly to Micron, who is the largest foreign-direct investor in Taiwan at US $12 billion with new approvals for a NTD 66 billion investment with their research and development and manufacturing plants, creating global spillovers between the local economies and networks.

How do networks affect innovation? Jaffe et al (1993) look at the geography of patent citations and find a strong local effect, indicating the strong presence of shared local knowledge across participants in heterogeneous firms helps to drive innovation. Almeida and Kogut (1997) look at patent data to find that small firms tend to innovate in less crowded spaces and conclude regional knowledge networks are a greater knowledge driver than the internal activities of large firms, indicating the importance of such networks to entrepreneurial success. Finally, Acs et al (1994) find that this is particularly important to smaller firms, emphasizing the importance of knowledge spillovers for start-ups. This has hit the most famous innovation cluster of all with 46% of Bay Area residents planning to leave the area within the next few years according to a recent Economist piece, "Why startups are leaving Silicon Valley."[18] At the same time, cities like Boise are on the rise, recently cited to be "on track to be the next Silicon Valley" by Inc. magazine.

[18] https://www.economist.com/leaders/2018/08/30/why-startups-are-leaving-silicon-valley

Trust across bridging ties, which in my theory can be developed and strengthen by people through leisure activities with a shared passion, is key to this network formation. The importance of trust in organizations and divergent relations has also been established by a number of scholars. Putnam (2000) looks at this in terms of social capital, which can drive both bridging across groups and bonding within groups. Bonding represents strong connections within homogeneous groups that often exclude interaction outside the group. Bridging, on the other hand, entails interaction between different social groups, and looser bonds between actors. Hoyman and Faricy (2008) claim that strong bonds between members of homogeneous groups may hinder innovation since these bonds make the members more complacent and isolated from impressions outside of their small circle of social interaction. These strong bonds therefore generate conformity and a strong obstacle to innovation. Florida (2002) connects the "bridging" form of social capital with what he calls the creative class and connects innovation to loose bonds between different social groups, which contributes to an open society, and Kramer and Tyler (1995) show why trust-driven relationships are often preferred to the rational-choice driven self-interest. This encourages innovation between members with "weak ties" (Grantoiver, 1985) taking advantage of "structural holes" (Burt, 1992) to mobilize social capital into areas of desire. The Boise ski network studied here provides examples of both bridging and bonding ties, which I will show spans a network of influential individuals.

Bridging and Bonding, or Faceting and Rounding

In snow science, stability of a slope is determined by the relative strength of snow crystals in a particular patch of snow as driven by storm cycles. Snow can either become

more faceted, pushing itself away from other crystals, or more rounded, by bonding more strongly. Similarly, in the study of social networks, bonding refers to strong connections within a homogeneous set of actors and deters action outside the group (Patnam, 2000). Bridging entails looser interactions between groups as defined by weak ties (Granovetter, 1973) or structural holes (Burt, 2009) with the bridge acting as "a line in a network which provides the only path between two points" (Granovetter, 1973) The interaction between bridging and bonding in social networks can promote collaboration and creativity.

Methodology

In this paper, we build a case around the importance of skiing in Boise, Idaho and nearby Sun Valley-Ketchum- Hailey, both in terms of how they bond by attracting and retaining talent as well as how they creates bridges by creating intra-regional networks connected to a large global network of key players in economics, politics, and the social world. We begin by looking at the demographics of Boise, then at how Sun Valley, Idaho was a shaper in this process worldwide, then at how Boise pulls beyond its weight on the happiness to income comparison, then look at how the skiing network spans both the Boise area as well as key partner areas. Next, we look at how a new entrant group— namely Chinese expatriates working largely in the high-tech sector— value the lifestyle and outdoor recreation of Boise above other opportunities. Finally, we look at a survey of Boise State University Undergraduate and Graduate students and find that there is a fairly equal distribution of ideology across outdoor sports enthusiasts, paving the ways for the belief-based advocacy coalitions (Sabbatier, 1998).

Case Studies and Research Findings

Boise, Getting Better all the Time

Boise, Idaho is a thriving city of around 215,000 people in 2016 with around 680,000 in the nearby Boise City-Nampa, Idaho Metropolitan Statistical Area (MSA) locally known as the Treasure Valley. Boise has a number of advantages making it amenable to having a cluster. First, Boise is the State Capitol of Idaho and hosts the seat of government. Next, Boise is home to the Fortune 500 Firm Micron, one of the US's largest semiconductor and memory firms, and Simplot, an agribusiness giant both of which having strong local ties and pride. Next, Boise is home to Boise State University, a metropolitan Carnegie class II research University with strengths in engineering, business, and other fields. Finally, Boise also has a thriving startup community with a number of startup spaces, accelerators, and other institutions designed to create the conditions for successful startup businesses around technology, and has done so already with firms such as Clickbank, Clearwater Analytics, Cradlepoint, and Micron itself to name a few. This is supported by entrepreneur workspaces, programs, and support from local Trailhead, the Venture College, and the Small Business and Development Corporation's business accelerator. However, none of this precludes the ability to create a successful tech startup cluster.

At the same time, Boise is surrounded by the 2.2 million acre Boise National Forest directly to the North and the 485,000 acre Snake River Birds of Prey National Conservation Area directly to the South, with easy access to skiing, mountain biking, fly fishing, river running, climbing, and almost any outdoor activity imaginable. I will show

in my “Cities that Play” essay this is a designation directly linked with long-term GDP/capita and housing price index growth. Many conversations across many industries and jobs involve references to outside activities, and many Boise citizens participate in such outings. Boise is also home to the highly active and influential Conservation Voters for Idaho which supports bipartisan local initiatives aimed at protecting Idaho’s natural landscapes.

Star Clusters in Sun Valley

Idaho has a long history of this kind of outdoor sports-oriented cluster production dating back to the founding of Sun Valley in 1931. Sun Valley, the first “European” style resort in the Western United States, was founded by W. Averell Harriman, later Secretary of Commerce. Harriman, an avid skier, heard of frequent avalanche activity on one of the trunk lines near Ketchum, Idaho, and upon investigation found a powder paradise on the beautiful, sun-soaked slopes of the Pioneer mountains. According to Annie Glibert-Coleman (2004), the resort attracted such luminaries as Earnest Hemmingway and Gary Cooper, both of whom made their homes there for much of the year, and was frequently visited by the Kennedy family, Marilyn Monroe, Lucille Ball, and other stars of the era. This booming ski town also gave rise to two major players in the optics industry, Smith and Scott. Both began their business in ski goggles and later expanded into sunglasses and other optics. However, rising costs pushed both companies to eventually pack up shop and relocate.

More recently, Wall Street based Allen & Company, a venture capital and private equity firm focusing on media and technology investments, has created the "Sun Valley Annual Meeting." The meeting offers a chance for key investors, entrepreneurs, and government leaders to gather and discuss the evolution of technology and media. Recent attendees have included former Microsoft Chairman and Founder Bill Gates, Apple CEO Tim Cook, Facebook CEO and Founder Mark Zuckerberg, Tesla and SpaceX Founder and CEO Elon Musk, Chinese media entrepreneur and Youku Founder Victor Koo, Dreamworks CEO Jerffery Katzenberg, Warner Brothers CEO Kevin Tsujihara, News Corp Chairman Rupert Murdoch, Canadian Prime Minister Justin Trudeau, and Argentinian President Mauricio Marci[19]. As we will see, this has spillovers precisely through skiing relationships that extend to Boise and connect it to this truly global network.

(Relatively) Poor, Happy, and Hardworking in the Mountains

Boise joins Bozeman, Bend, Boulder and others (the 'B' towns) as a group of small cities with high innovation and high outdoor sports cultures with relatively lower "happiness thresholds" to larger cities. Kahneman and Deaton (2010) found that above an income of about USD $75,000 per year, there is little increase in emotional well-being. Taking this base case and adjusting for the local cost of living index [20]shows a stark difference in the income needed to be happy by geography:

[19] https://observer.com/2019/07/tech-sun-valley-retreat-idaho/ and U.S. Bureau of Economic Analysis Data
[20] https://blogs.wsj.com/economics/2010/09/07/what-salary-buys-happiness-in-your-city/

Table 4.2 Cost of living vs. Happiness Salary vs. Mean GDP in Various US Cities

City	Cost of Living Index	Adjusted Happiness Salary	GDP/Capita 2017 (mean)	Happiness/Mean Difference (USD)
Boise-Nampa	93	$67,950	$44,062	$23,888
Bend	100	$75,000	$53,033	$21,967
Boulder	124	$93,000	$69,298	$23,702
Austin	94	$70,500	$55,530	$14,970
San-Jose-	158	$118,500	$98,690	$19,810
New York	218	$163,500	$72,951	$90,549

From: http://blogs.wsj.com/economics/2010/09/07/what-salary-buys-happiness-in-your-city/, BEA data

Clearly, these lower salaries are attractive to new businesses when combined with cheaper real estate costs particularly if the requisite level of talent is available. In Boise, Bend, Boulder, and Silicon Valley, however, the gap is still significant between a base happiness salary and the average actual salary. In "Pay to Play" I will show that people will give up a quantifiable amount of salary and effectively help close this gap if they are close to their stated LBPs. As my data on the Boise Chinese expatriate Chinese community indicates, people will stay despite lower salaries. This is reinforced by my findings in the larger N study also conducted in Boise (described in "Pay to Play") in which I found that job seekers will trade-off a definite amount of job-based reward and

compensation in proportion to their interest in a single location-based activities based on hypothetical job offers of US $30,000 where they will give up 4.3% and at US $80,000 where they will give up 8.2%. Furthermore, when close to two or more of their LBPs the numbers increase to 5.4% at US$30,000 and 10.6% at US $80,000).

Figure 4.2 Model of Ski Valley Social Networking

Boise Overlapping Networks

To describe the formal/informal interaction of individuals in Boise's network, I look at the structure of the Bogus Basin ski network. Bogus basin is a ski area near to Boise, with one of the lowest season-pass and daily ticket prices in the nation. Ski Magazine[21] rated Bogus Basin as the world's top urban ski area due to low lift ticket

[21] https://www.skiidaho.us/blog/45-in-idaho-5th-and-6th-graders-can-ski-free

prices, close proximity to the city, and acreage of terrain. It is also a social point of networking, from the board to season pass holders to irregular visitors.

This, as reflected in the Chinese community research, allows for a geographical space for the exchange of ideas and building of ideas. As one Associate Board member remarked, Bogus Basin is a place to meet and greet all walks of life in the Boise community.

Beyond this, through the BBSEF (Bogus Basing Ski Education Foundation) ,and additional network of bridging relationships is made to other key mountain town locations. Sun Valley, as previously described, Jackson Hole, famed for its annual conference of global central bankers as much as for its steep skiing, and Salt Lake City, the regional hub. Boise, too, is able to hold costs down to local citizens compared to wealthier neighbors, giving a step-up effect. These other places, in turn are globally networked and provide and exchange of people between places that would not likely otherwise be visited.

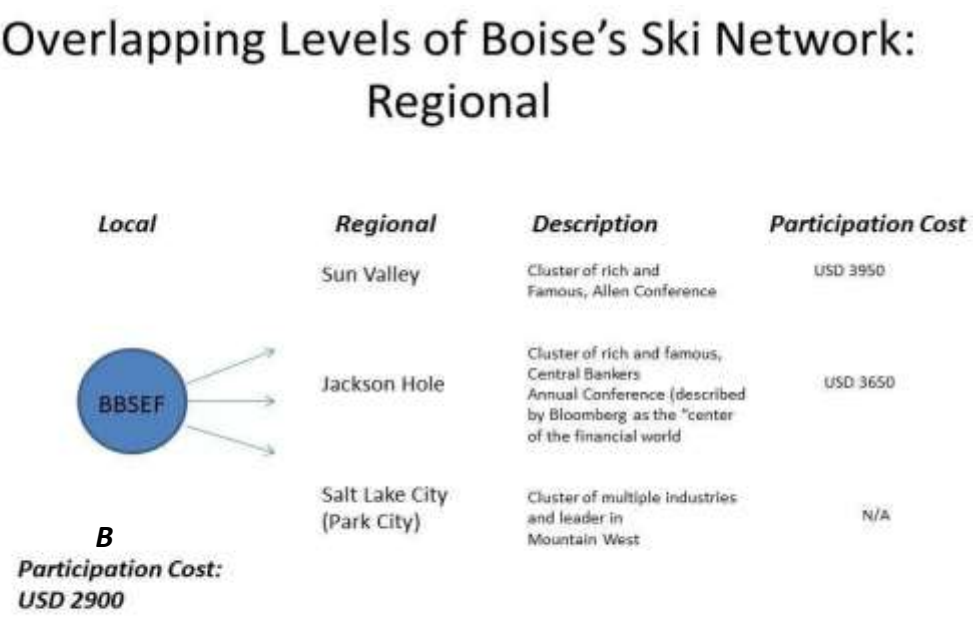

Figure 4.3 Model of Regional Ski Valley Networking

The Boise Chinese Community—Small, Networked, Learning Groomers, and Growing

For this case study, we will focus on the motivations of a small but specific group in Boise, namely the expatriate Chinese community in Boise. The Treasure Valley has a small but growing community of Chinese residents spread across the communities of Boise Proper, Nampa, and Eagle. Unlike cities on the West Coast, such as San Francisco, Portland, and Seattle, Asian residents including Chinese are still a relative rarity in the region.

Table 4.3 Population by Race and Origin, Various U.S. Cities 2016

City	Boise	San Francisco	Los Angeles	Portland	Seattle
Population	206,100	805,195	3,792,662	583,800	684,451
White	89.0%	48.5%	49.8%	76.1%	69.5%
Hispanic or Latino	7.1%	15.1%	48.5%	9.4%	6.6%
Black or African American	1.5%	6.1%	9.6%	6.3%	7.9%
Asian	3.2%	33.3%	11.3%	7.1%	13.8%
Population Growth Rate	4.7%	7.4%	11.3%	8.3%	12.5%

Source:

http://www.census.gov/quickfacts/table/PST040215/0644000,0667000,5363000,1608830,4159000

Chinese societies have traditionaly been driven by a strong networking orientation described by the guanxi system (Wang, 2001). Therefore, in a small community like Boise there is a strong impetus to build networks outside the confines of work. The Boise Chinese expatriate group provides an interesting source of data as many of them work for or are family members of those who work for three large and unrelated multinationals with a large Boise presence, Micron and Simplot (both Boise based) and HP (whose printer division is located in Boise). In a survey taken among participants at the Boise 2016 Chinese New Year's gala, we found that along with work and culture, outside sports/nature and the perceived reputation for safety were the key drivers attracting Chinese residents to Boise.

Table 4.4 Boise Chinese Expat Community Survey, 2016 Non- Work/ Education Reasons for Moving to Boise Area

Boise Safety/ Low Crime Reputation	58.9%
Idaho Clean Air	56.1%
Access to Nature and Outdoors	51.4%
Relative/Friend/Spouse in Idaho	31.6%
Relative/friend lived/worked/studied in Idaho recommended	19.6%
Purchase property	10.9%
Boise Chinese Community Reputation	10.7%
Immigration or Permanent Residence in US	8.8%

Source: February 2016 Survey of 53 Chinese expatriate households living around Boise, Idaho. Multiple responses allowed

In February of 2016, I surveyed 53 Chinese expatriate households living around the Boise area about what factors, beyond work and education, brought them here. In this data, the reasons for coming to Idaho beyond work and study as the primary drivers are Boise Safety/ Low Crime Reputation, Clean Air, and Access to Nature and Outdoors. Added together, however, factors around outdoors outscore other nonwork considerations. Furthermore, for example, we interviewed an informal group within this group of skiers, taking advantage of the low cost season passes at nearby Bogus Basin ski resort. Many comments were around how it gave access to differing social groups as well as giving access to an activity considered the province of the very rich in China and adding a status element. This helps keep thee talents in town at major innovator firms such as Micron, HP, and Simplot, as well as at up and coming firms such as Clearwater Analytics and Cradlepoint.

Divided in Politics, United on the Trails

In Spring of 2019, I surveyed 506 Boise State University undergraduate and graduate students with questions regarding their passions, their preferred choice of city type, and various trade-offs they would make between passion and work. Respondents were roughly equally distributed across Freshman, Sophomore, Junior, and Senior with 7.3% graduate students studying mostly political science (25%) and business (24%) and identified as working either part-time (41%) or full-time (26%), and as 61.3% female and 38.3% male with 77.1% white and 13.2% as Latino/Hispanic. 91.6% were born in the United States. In Fall of 2019, I conducted a second survey on a similar set of 451 students (55.9% female and 43.9% male).

Participants were then asked to rate their level of passion for their top two choices of twenty given leisure choices on a Likert scale ranging from 1 for "Extremely interested, try to participate or do often and would participate even more if access were easy" to 5 for "Low level of interest, almost never participate." In the sample, I find that respondents are passionate about the twenty LBP choices given to them. 31.2% in Spring 2019 and 30.0% in Fall 2019 responded that they were "Extremely Interested, go out of my way to participate as often as possible, and would participate even more if access were easier" in their top-stated LBP. 41.0% in Spring 2019 and 44.4% repied they were "Very interested, try to do or participate often and would participate much more if access were easy" in their top-stated LBP. Only around 5% of respondents in both studies had "some interest" or "low interest," indicating that there is a high level of passion for LBPs.

I have then taken the 20 LBPs in the survey and analyzed for the "Outdoor" passions relevant to this paper including camping, climbing, fishing and hunting, hiking and trail running, mountain biking, river and lake sports, snow sports, and surfing. In the same surveys, participants were asked to state their political ideology on a Likert scale of 1-7 with 1 being "Very Liberal" and 7 being "Very Conservative."

Table 4.5 Political Orientation of Outdoor Sports Enthusiasts at Boise State University

	Very Liberal	Liberal	Somewhat Liberal	Moderate	Somewhat Conservative	Conservative	Very Conservative	Haven't Considered
Spring 2019 Top LBP	6%	15%	15%	23%	15%	17%	3%	7%
Spring 2019 2nd LBP	3%	18%	16%	19%	15%	19%	3%	8%
Fall 2019 Top LBP	5%	19%	17%	19%	13%	15%	8%	4%
Fall 2019 2nd LBP	6%	16%	11%	23%	14%	19%	6%	5%

Source: Boise State SPS Virtual Lab Surveys, Spring and Fall 2019

In both samples across first and second LBPs when outdoor activities are chosen, we can see a very clear normal distribution across all results. This indicates that there is a

very low level of correlation between political ideology and passion for the outdoors. At the same time, it shows a shared passion or system of beliefs as Sabbatier described the basis for advocacy coalitions (1998). While the students and people of Boise may be hard pressed to agree on political candidates, it seems there is a good deal of agreement on passion for outdoor sports. This has rich implications for policymakers interested in finding points of parity among constituents.

Conclusions and Implications

Further understanding how, why, and how informal social networks can drive the success of an economic cluster is important to the organization, formation, and ongoing nurturing of the cluster. Boise, Idaho provides a good case study through the author's access and proximity to the participants and can serve as an example of how informal relationships create the channels for knowledge spillovers into more formal channels.

If this thesis is correct, there are managerial and policy implications for cluster participants to try to incentivize informal social participation in whatever activities are proximate to the cluster and are likely to generate that elusive quality that drives knowledge sharing across formal channels. Governments as well as ambitious investors and entrepreneurs in out of the way areas wishing to reap the benefits of clusters built around high value knowledge industries would be wise to look to their own local strengths beyond economic development plans and sets of economic incentives to attract and retain the people and resources to make those plans happen.

Furthermore, as we can see from the Boise State University student sample there is a balanced political outlook among those passionate about outdoor sports. This paves the way for the kind of bipartisanship which has been hard to achieve in recent decades in the U.S. and beyond. As we will see in the following chapters, not only will people “Pay to Play” but they will also get paid to play. This forms a strong economic argument to policymakers and investors, as well as individuals, to learn about each other’s passions and work together to create clusters in the wilderness.

CONCLUSIONS, LIMITATIONS AND FURTHER RESEARCH

As the global wealth gap continues to widen not just between individuals but between geographic locations, finding and attracting high-quality investments, talent, and the jobs that go with them is a top priority for policymakers, organization-builders, and job seekers, and traditional tools such as tax incentives, incubators, and business associations have already been widely employed and at a certain point begin to look identical, or over subsidize the investment attraction process and tend to result in a "race to the bottom" (Haider-Markel, 2014, p. 661). Location-based passions, on the other hand, tend to agglomerate around informal networks based both on natural advantages of place as well as the infrastructure that supports it. To build a cluster in the wilderness, policymakers, investors, and talent need to look not just at the formal work and capital structures that exist in a place but also at the informal advantages a particular location offers to satisfy their non-work needs. This is particularly important for smaller second and third tier cities that do not have a huge variety of micro-communities within them and need to compete harder for scarce resources.

This research stream is somewhat confined to outdoor sports (except in the "Pay to Play" data), and to Boise, Idaho (except in the "Cities that Play" data and the Chinese sample in "Clusters in the Wilderness"). I have addressed these concerns in the various essays, and in conclusion would like to propose some future topics of research to take a further look at these limitations.

Other Passions

In these essays I have had a strong focus on active outdoor sports as I have described in the chapters due to the increasing and Outdoor sports are a good starting point for macro-economic research on LBPs for several reasons. First, they are my own LBP and in participating in them extensively for over thirty years I have watched these effects as a participant. Second, they are extremely popular in the United States and other countries and growing very quickly. According to the United States Bureau of Economic Analysis, outdoor sports and spillover industries accounted for 2.2 percent ($427.2 billion) of current-dollar gross U.S. domestic product (GDP) in 2017, and grew at 3.9%, faster than the overall GDP growth rate of 2.4% in 2017.22 Third, they are a good proxy for the more general topic of LBPs as they by definition require specific types of outdoor spaces (snowy mountains for skiing, lakes and rivers for fishing, trail systems for mountain biking, waves for surfing, good rock for rock climbing, and so on). Clearly, however, they represent just one possible subset of LBPs and could be replaced by other subsets around culture, social groups, eating corridors, or other non-work activities dependent on physical location. The extensive literature as well as my own findings on a broad group of LBPs in "Pay to Play" indicate that there is much room for larger LBP research beyond active outdoor sports.

[22] https://www.bea.gov/data/special-topics/outdoor-recreation

Other Places

Much of the research in these essays beyond the national sample in "Cities that Play" is focused around Boise, Idaho. Also, there has been much research done on other cities (Florida, 2005; Sassen, 2001; Grant, 2014 et. al.) although no research has exactly defined the work-leisure conflict specifically through the lens of LBPs and the theories built in these essays. Particularly promising are the findings in the Chinese sample in "Clusters in the Wilderness" as well as in the work-leisure research done in Taiwan by Y.S. Lin, W.S. Huang, C.T. Yang, and M.J. Chiang (2014). Rich research can particularly be done in developing countries which are defined by high rates of labor mobility and urbanization and the numerous problems that arise from this. I believe that as incomes rise and talent becomes increasingly global, the attractions of LBPs will continue to increase. As a note of the times, the recent global COVID-19 epidemic has created a disincentive to being based in densely-populated megacities, and some of the attractions along with the virus-inspired catalyst to mobile technologies and distance work and learning[23] make these findings all the more timely as people will likely shy away from dense populations for some time as a result.

Investors and Policymaker Perspective

Finally, I have gone through the policy and investment literature in these essays but due to time limitations did not conduct any broader research on investors, top-managers, and policymakers beyond the theory piece described in "Clusters in the

[232323] https://www.economist.com/business/2020/03/05/covid-19-is-foisting-changes-on-business-that-could-be-beneficial

Wilderness." I believe that the findings of "Pay to Play" and "Cities that Play" are very instructive to both groups, and believe there are ripe fields of research on how they will base investment and policy decisions based on their own ability to identify and capture the strengths of the LBPs of their employees and constituents rather than taking a copy the neighbor approach as defined in the essays. To be exact, how can investors and policymakers identify and value the specific LBPs of the talent they want to attract and retain?

Final Notes and Acknowledgements

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APPENDIX A

Sample

Size= 506

Gender:

Male= 38.3%

Female= 61.3%

Race:

Asian= 3.9%

African American= 2.7%

Hispanic/Latino= 13.2%

Native American= .4%

White= 77.1%

Other= 2.8%

Employment status (List all that apply)

Working- full time 26%

Working- part time 41%

Temporarily unemployed 4%

Homemaker 2%

Student- undergraduate 64%

Student – graduate/professional 5%

Permanent disability 0%

Retired 1%

Other 8%

What type of city did you grow up in?

A mega city (like New York, Los Angeles, Chicago) 4.8%

A large city (like Seattle, Portland, San Francisco) 12.8%

A mid-size city (like Boise, Fresno, Salt Lake City, Tuscon) 38.8%

A small city (like Pocatello, Fort Collins, Modesto, Wentachee) 24.1%

A small town (population under 50,000, over an hour's drive from a mid-size or larger city) 19.5%

APPENDIX B

List of Passions

Please select the activity you are MOST interested in

- ○ Alumni association get-togethers (1)
- ○ Attending religious congregations and activities (2)
- ○ Bars and clubs (4)
- ○ Brewpubs, wineries, and distilleries (3)
- ○ Camping (5)
- ○ Climbing (rock/ice/boulder)/mountaineering (6)
- ○ Concerts and plays (7)
- ○ Fishing/hunting (8)
- ○ Hiking/trail running (9)
- ○ Live sporting events (10)
- ○ Local chapters of clubs and organizations events (11)
- ○ Local ethnic community gatherings (12)
- ○ Mountain biking (13)
- ○ Museums and galleries (14)
- ○ Organic/ high end/ ethnic food stores (15)
- ○ Restaurants (16)
- ○ River running/boating/ whitewater/ kyaking/ waterskiing (17)
- ○ Skiing/snowboarding/snowshoeing (18)
- ○ Spending time in public park space (19)
- ○ Surfing/kiteboarding/windsurfing (20)