

J. Michael Locke

Musings

#73: The Case for Small Towns

June 4, 2020

Let me acknowledge the bias inherent in this musing. I grew up in Decatur, IL. A town of 71,000 in the middle of the state most famous for its unusual smells as large agricultural businesses turn corn and soybeans into products like high fructose corn syrup. While I was growing up, Decatur had over 90,000 residents but has been dying a slow death like many Midwestern industrial towns. Is that about to reverse course? Are people about to leave the cities for smaller communities? Here is the argument.

Remote working has been gaining traction over the last decade or so. This is especially true amongst the technology crowd. Covid-19 made everyone go remote. Quite a few employees like it. A number of employers also like the idea of less office rent and tapping into cheaper labor markets. Twitter and Facebook have announced plans to go all remote. Stitch Fix is moving jobs out of California to more affordable communities. [stitch-fix-is-laying-off-1400-in-california-18percent-of-workforce](#). I believe that the newer model for employers will be more blended.

Smaller communities are simply cheaper. [remote-work-could-spark-housing-boom-in-suburbs-smaller-cities](#). The average home price in Decatur is \$76,332. I used to do a lot of business in Fargo and spent time on the Microsoft campus there. The executives at Microsoft told me that Fargo had become their largest office outside of Washington because of the value. They could get a great worker for \$50,000 - \$60,000 in Fargo and in the Seattle area it would cost 50% more.

In a world where people have lost faith in institutions, it becomes important to truly know the individual you are dealing with. Your personal brand matters in a small town. You can't get away with "screwing people" because word gets out. Members of the community are more integrated and invested. There aren't different parts of town operating like different countries. You live, work and socialize with the same people. This creates a greater sense of "ownership" in what happens in your community.

I would "go long" on smaller towns, especially those in "pretty" areas. Just need someone to figure out affordable air transportation so you can still fly somewhere easily if you need to. Small propeller commuter planes don't cut it. Maybe our modern Tony Stark (Elon Musk) can create a good jetpack.

Jml

Second Thoughts

Economy is in an ugly place. Some are projecting GDP to fall over 50%! [gdp-is-now-projected-to-fall-nearly-53percent-in-the-second-quarter](#). 40 mm people have filed for unemployment in recent months

(unfortunately the federal supplement of state unemployment benefits is disincenting folks from going back to work since they will make less money).

Update from Sweden. Maybe too far the other way? Thanks Jeff
Dobosh. <https://www.bbc.com/news/world-europe-52903717>