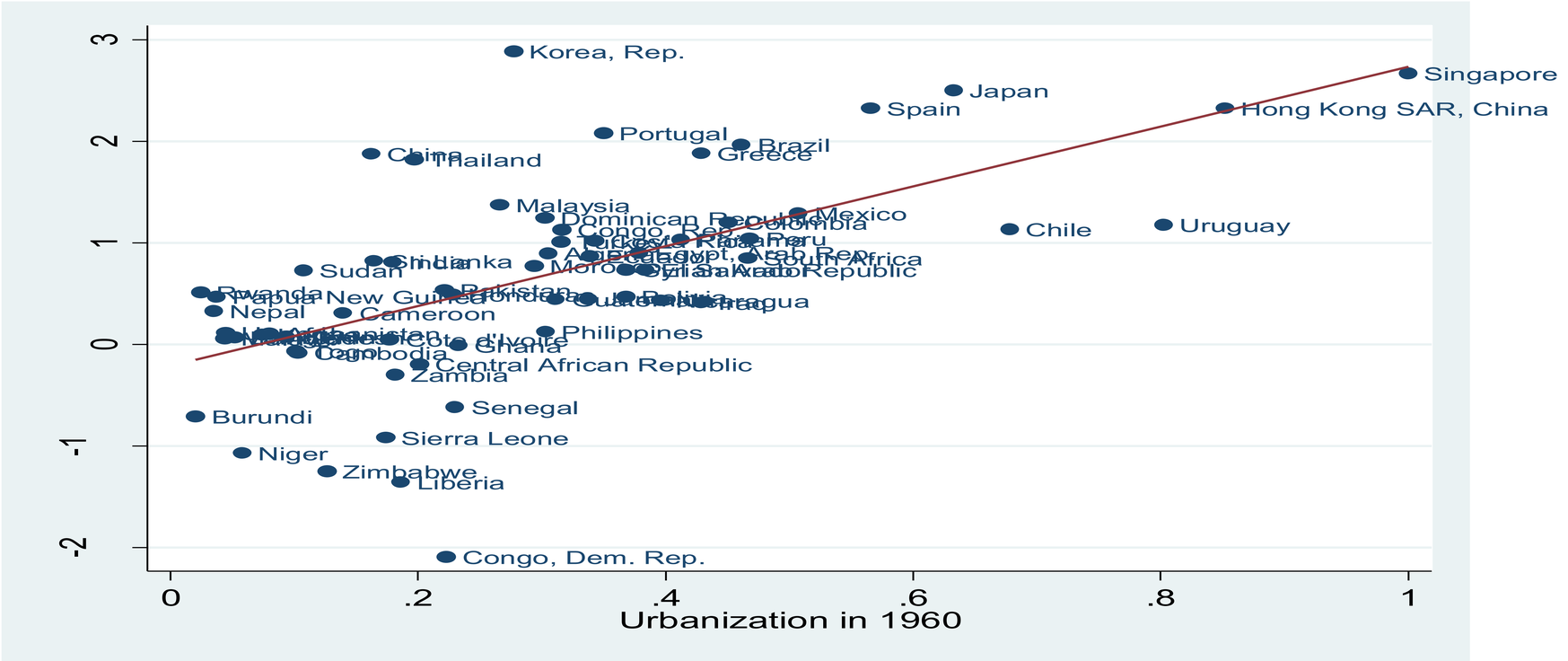
Per Capita GDP Growth 1960-2010 (Poor Countries<$5000 PC GDP)



The Urban Triad



The Economic Magic of Human Interaction by חדוה שנדרוביץ



Government battling the Demons of Density



The Physical City by rulto

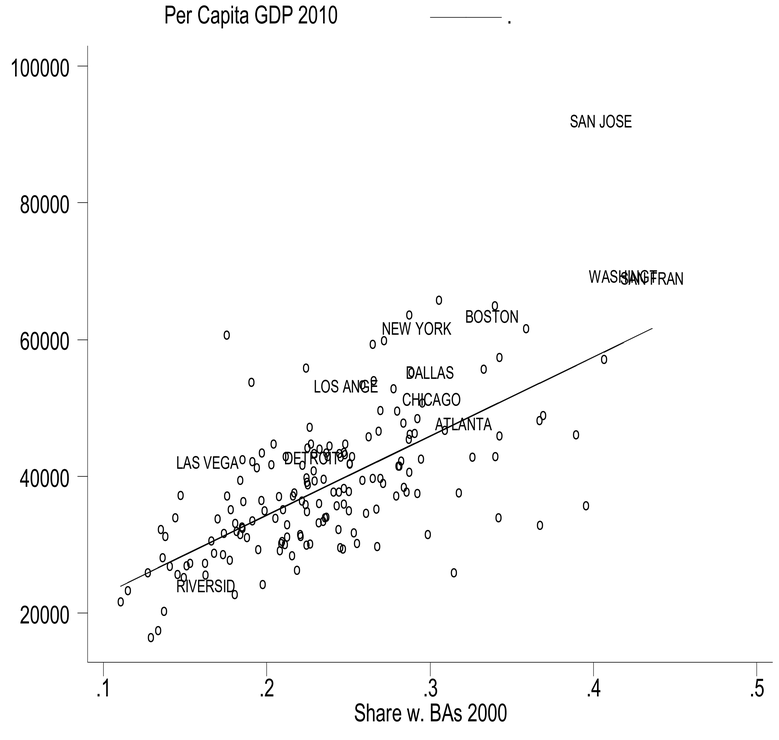
Cities thrive on the spread of knowledge and entrepreneurship

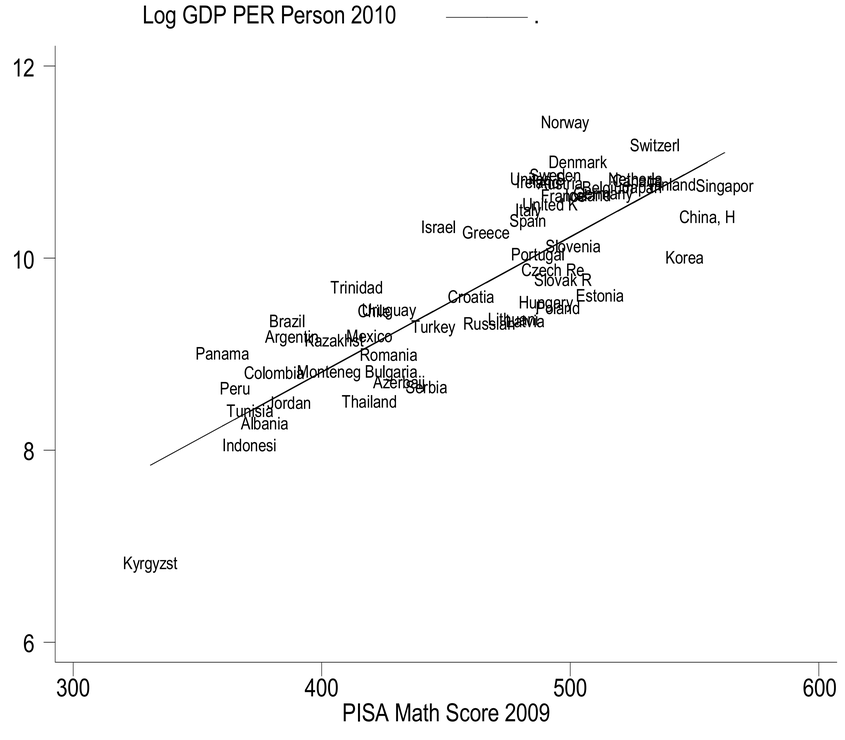


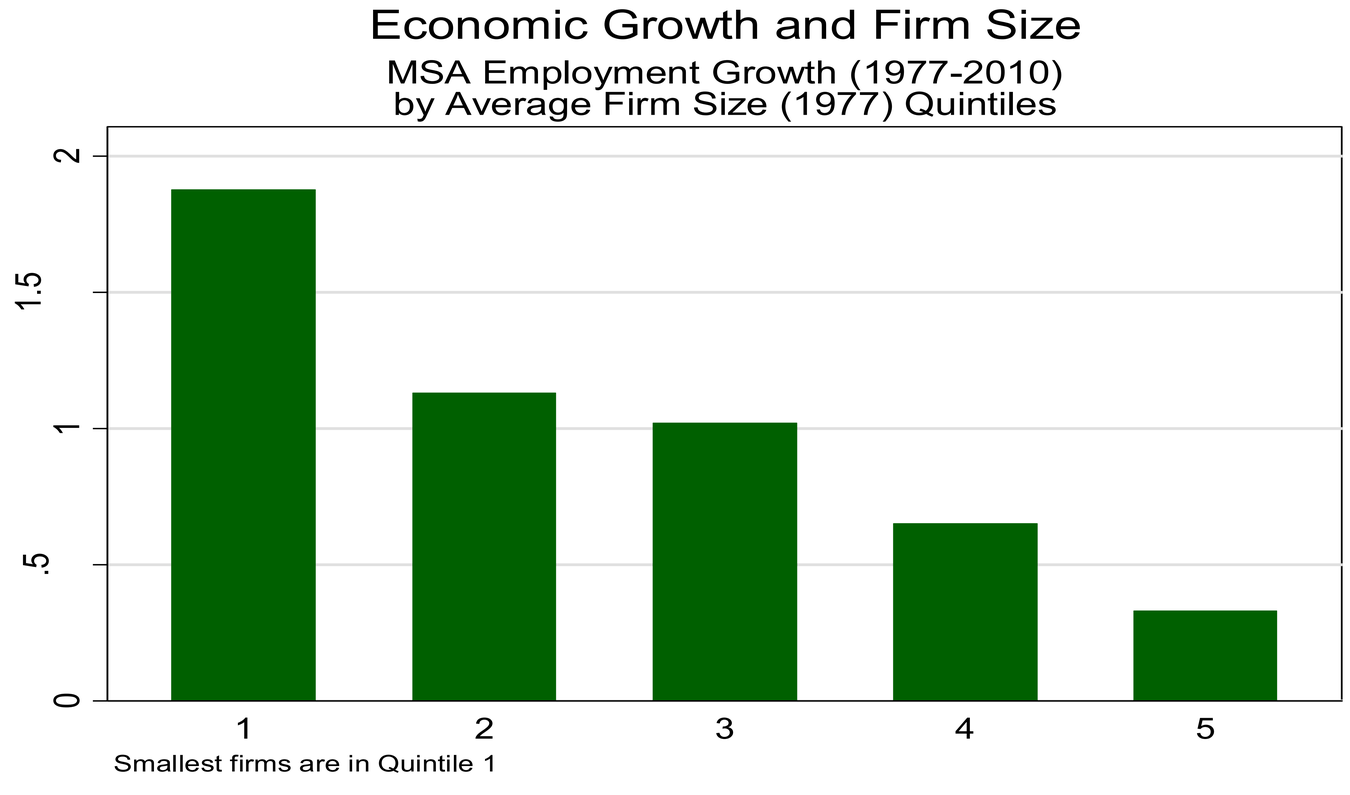


Image by Runner1928

Skills Drive Destinies of Cities and Nations






Economic Growth and Firm Size
MSA Employment Growth (1977-2010)
by Average Firm Size (1977) Quintiles
0
.5
1
1.5
2
1
2
3
4
5
Smallest firms are in Quintile 1

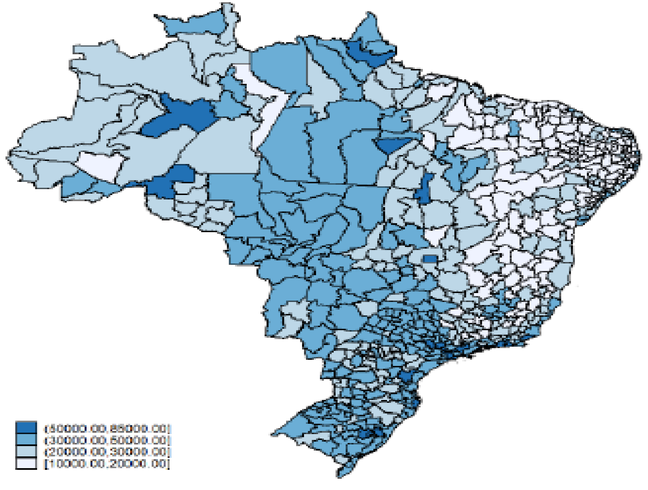
But to benefit from urban strengths, poor people must participate in urban life, and that requires housing

- Upward Mobility and Economic Integration in Brazil (joint with Barzu, Hidalgo and Viarengo)
- Working remotely decreases probability of promotion (Emmanuel and Harrington).
- Measuring urban mobility with cellphones (Nature Cities, joint with Cook and Currier)
- Female Entrepreneurs can’t work with male entrepreneurs that they can’t trust (forthcoming JPE, joint with Ashraf, Delfino)

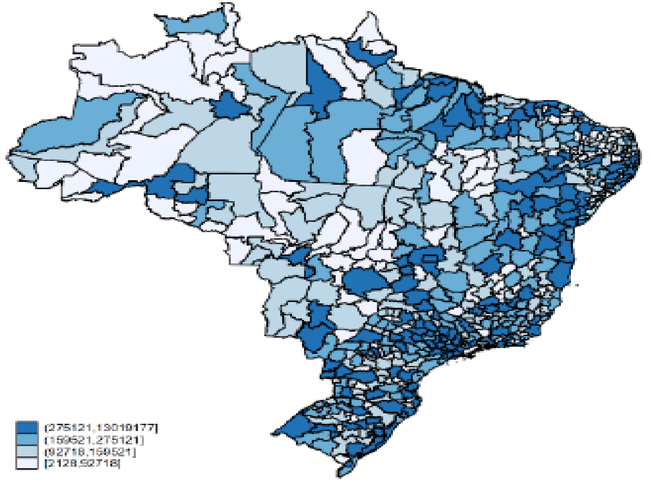
Joint with Barza, Hidalgo and Viarengo

Figure B2. Microregion Heterogeneity

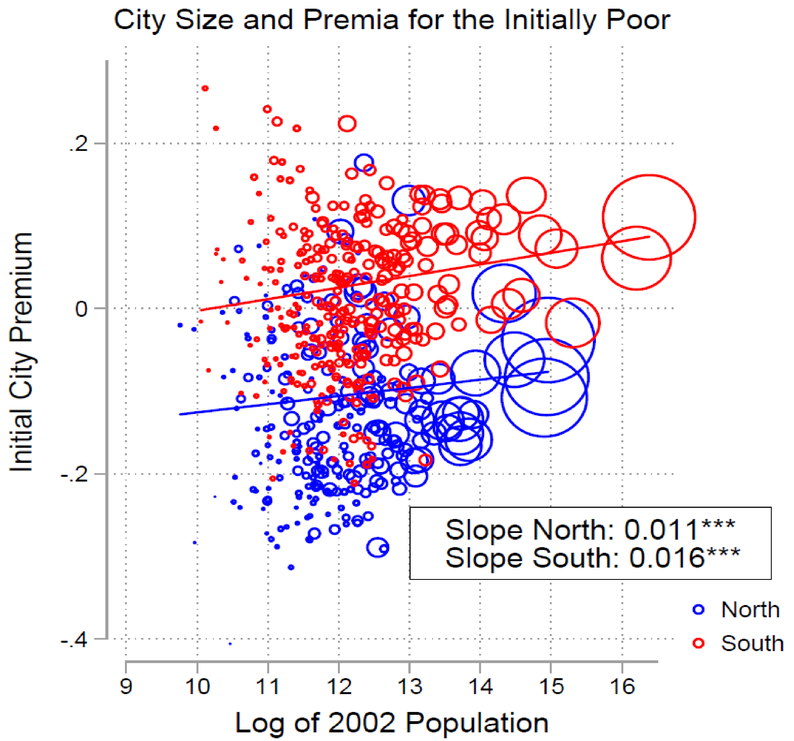
A. 2010 GDP per Capita in REAL

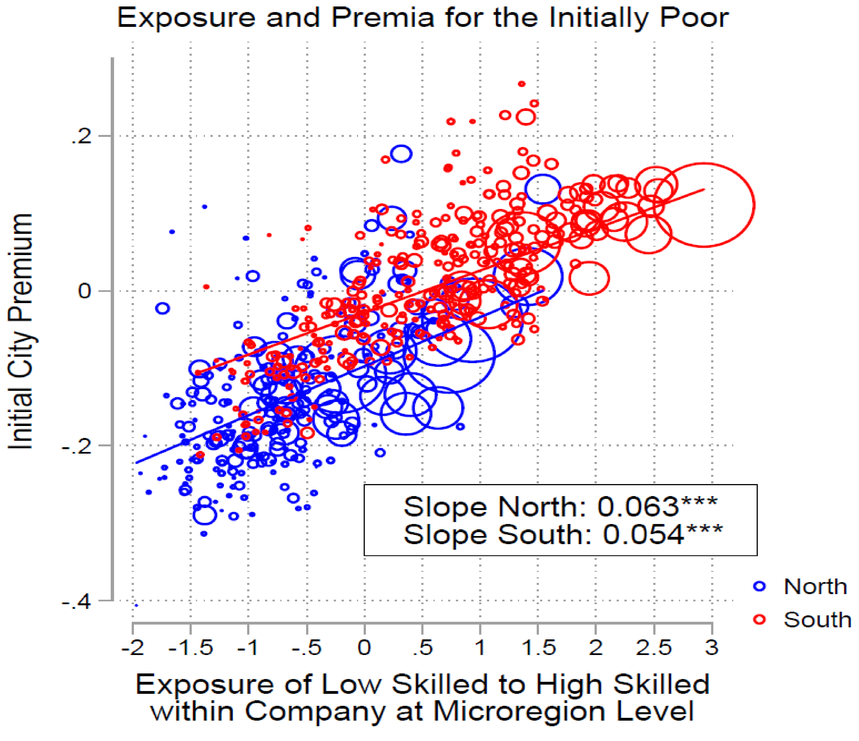


B. 2010 Population Size



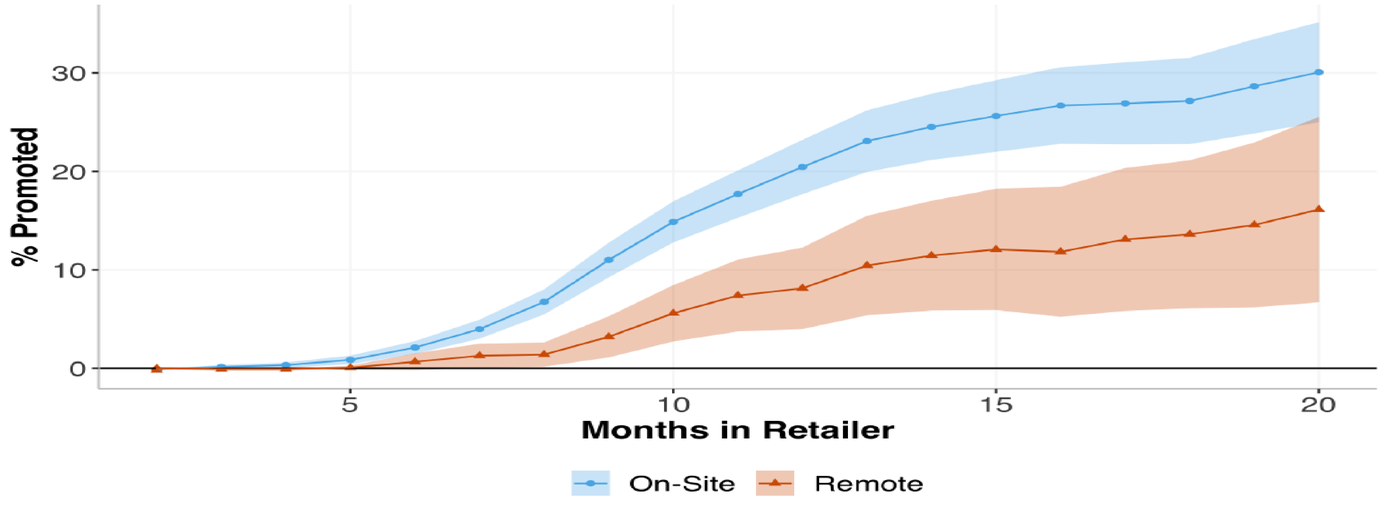
City Size and Wages (holding individual fixed)





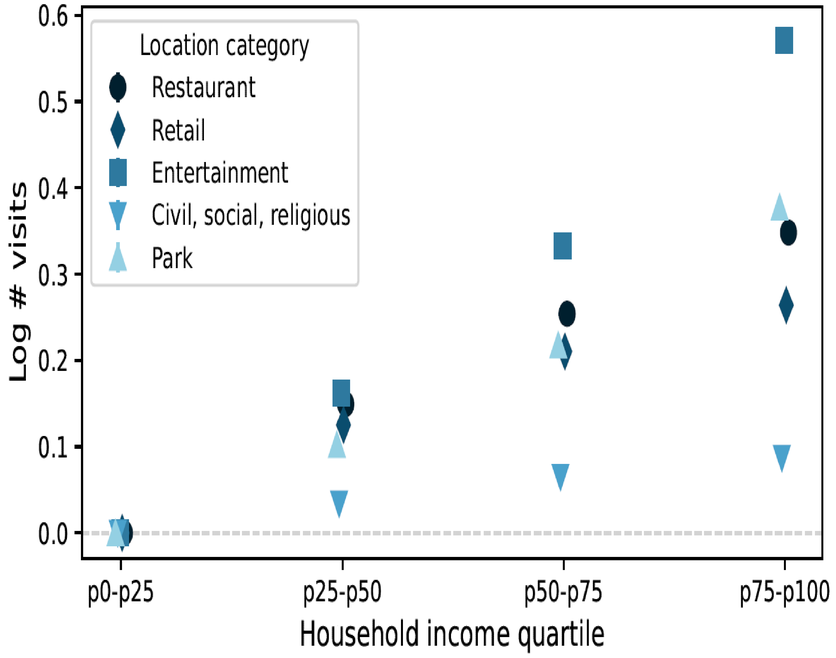
The Dynamic Consequences of Working Remotely: Emmanuel and Harrington (2021)

Figure 1: Promotion among Remote and On-Site Workers

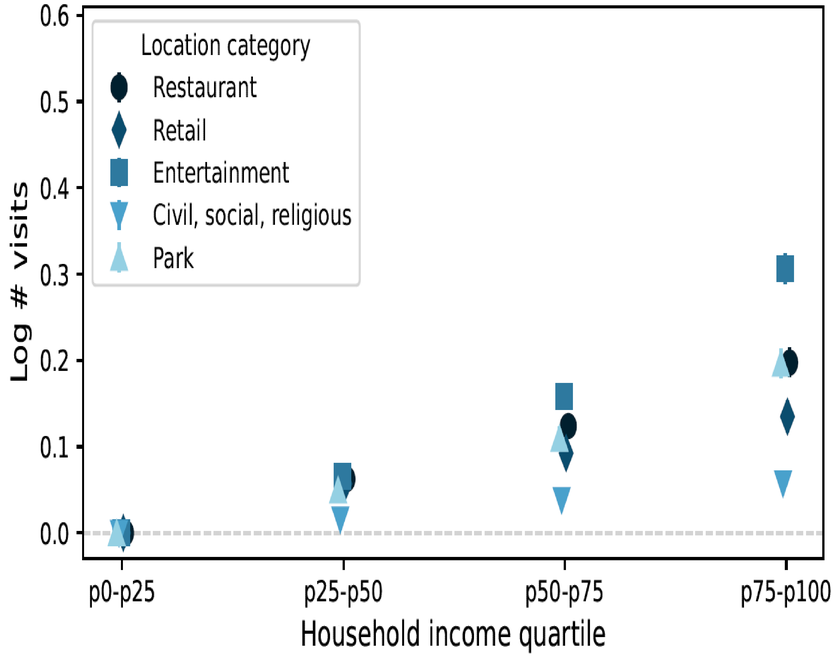


Note: This figure considers the promotion rates of remote workers (in blue circles) and on-site workers (in orange triangles). The x-axis plots the workers' tenure and the y-axis plots the percent who have been promoted among those who persist at the retailer. The error ribbons reflects 95% confidence intervals with standard errors clustered at the worker level. The sample limits to workers hired after July 2018 when the retailer began to hire workers directly into remote jobs and before April 2020 when on-site call-centers closed due to COVID-19.

(e) Visits to amenities (MSA FEs)



(f) Visits to amenities (Tract FEs)



Transportation Helps: A Tale of Two Technologies





Gautrain by Habib M’henni

The Curitiba Innovation



Picture by Mariordo

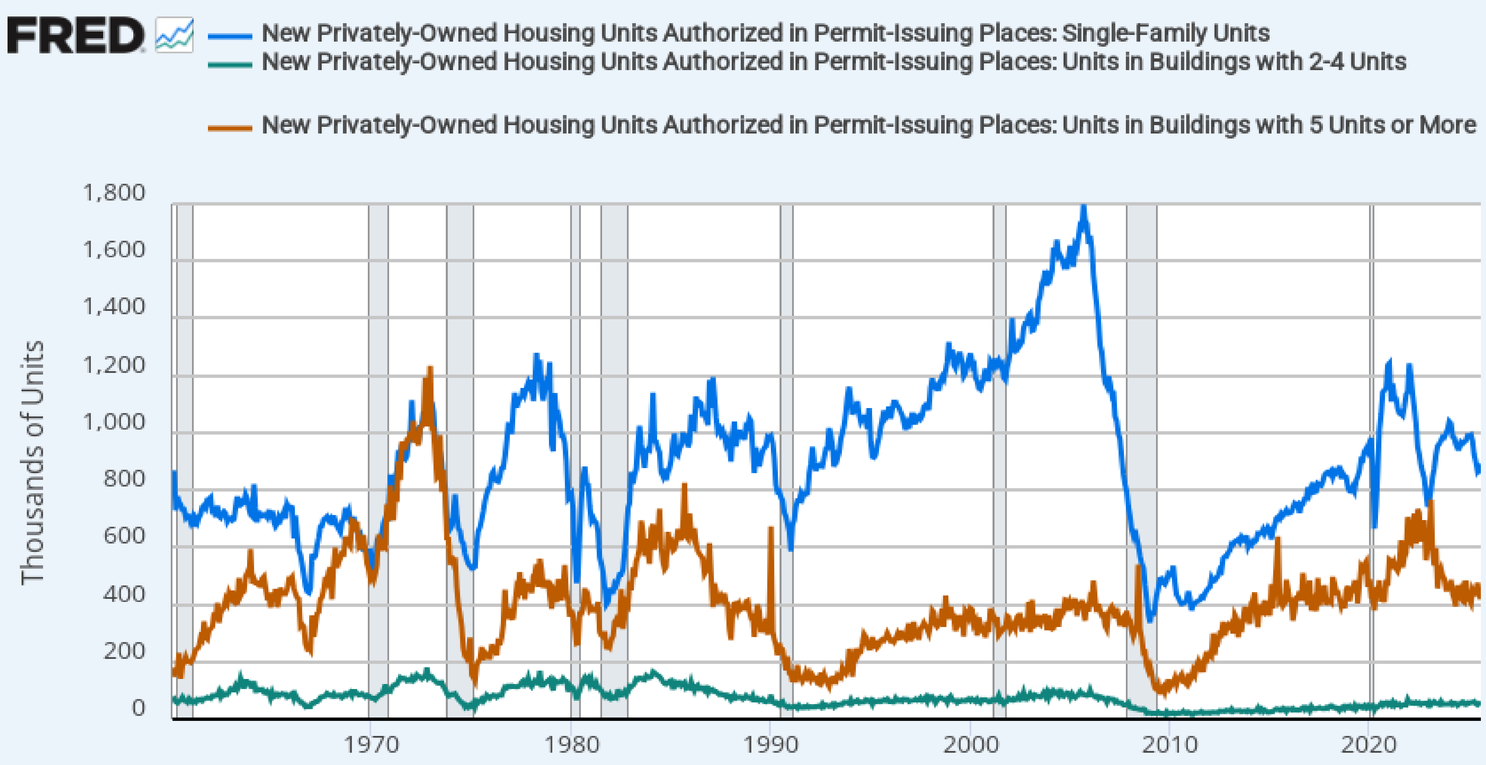
Medellin Ingenuity



Image by Scoelho86

But there is no substitute for housing!

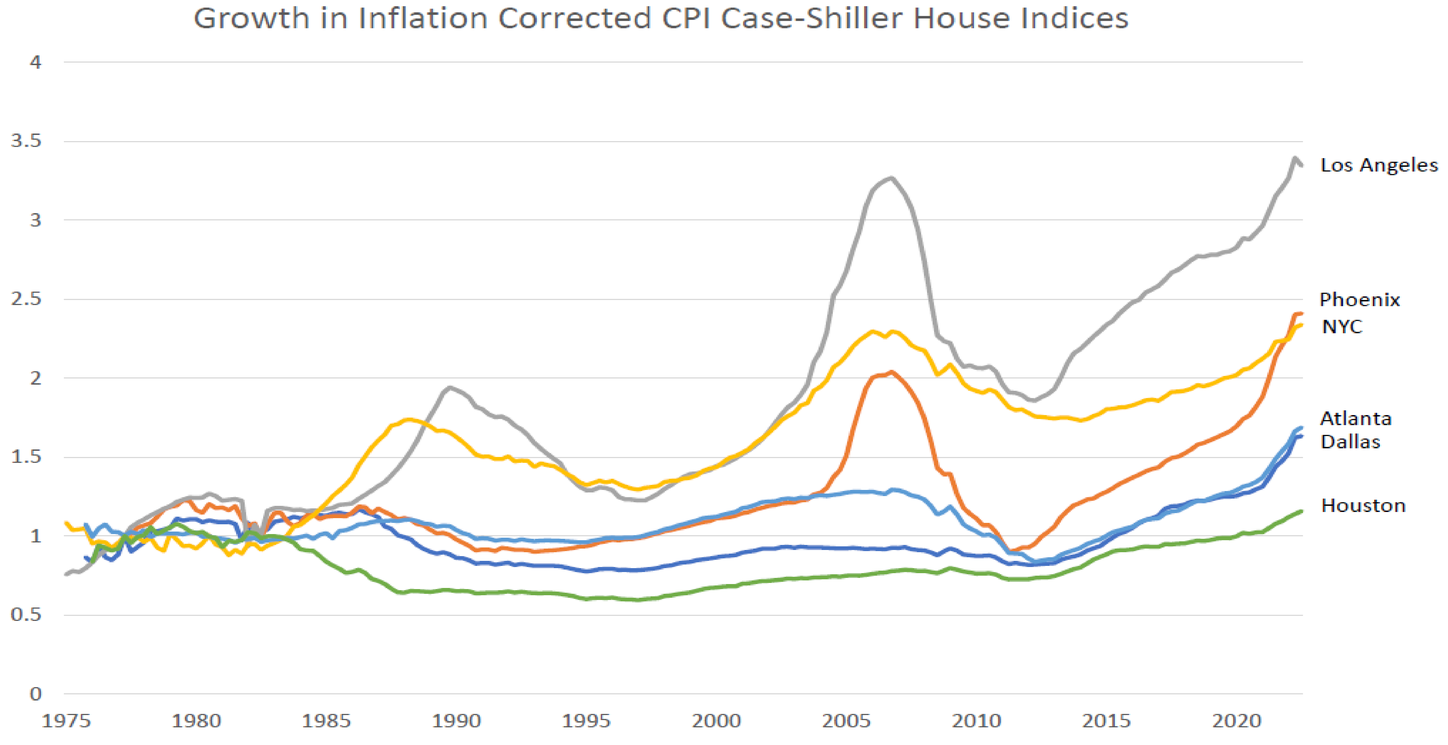
- Without new homes in Columbia's strongest labor markets, the poor will not find a more productive future.
- America has seen its building industry shrink, largely because of local land use regulations.
- That has created a Decline of Housing Output and an Increase in Home Prices.
- Columbia's construction industry has done amazing things and is a model for the world (I frequently talk about it), don't become Americanized.



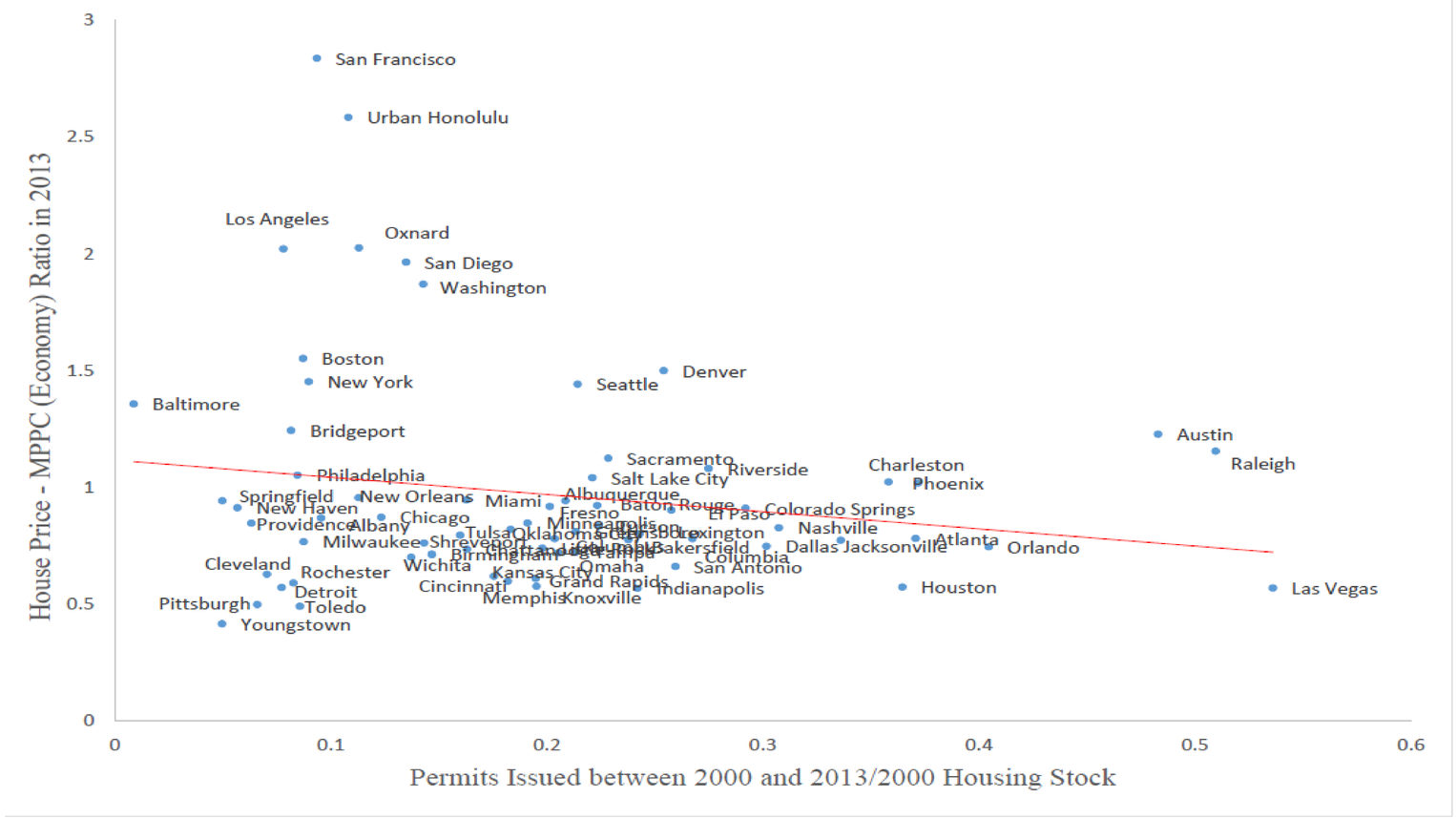
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1NY2G



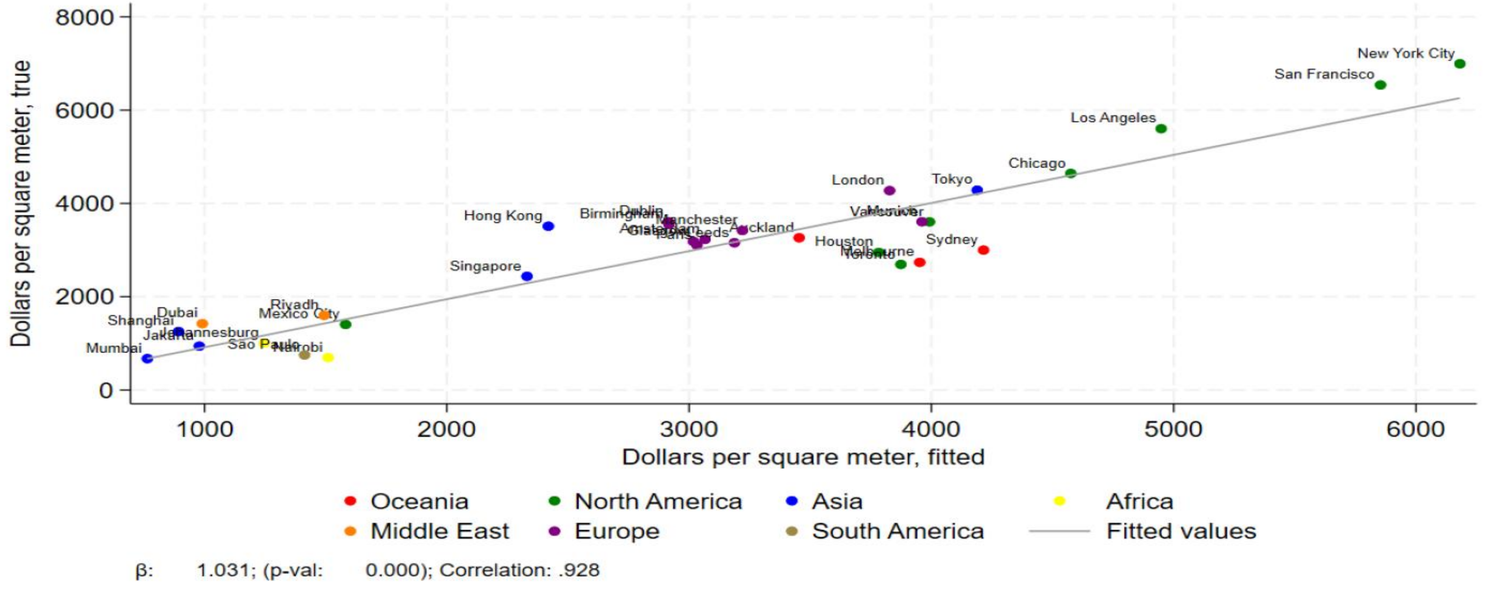
Source: Federal Reserve data, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, Index 1 = 4/1/77, Quarterly, Not seasonally adjusted



House Price - MPPC (Economy) Ratio in 2013
Permits Issued between 2000 and 2013/2000 Housing Stock
0
0.5
1
1.5
2
2.5
3
0
0.1
0.2
0.3
0.4
0.5
0.6
San Francisco
Urban Honolulu
Los Angeles
Oxnard
San Diego
Washington
Boston
New York
Baltimore
Bridgeport
Philadelphia
Springfield
New Haven
Providence
Albany
New Orleans
Chicago
Milwaukee
Cleveland
Rochester
Detroit
Pittsburgh
Toledo
Youngstown
Miami
Wichita
Cincinnati
Memphis
Kansas City
Grand Rapids
Knoxville
Omaha
Indianapolis
Sacramento
Salt Lake City
Albuquerque
Fresno
Baton Rouge
Minneapolis
Lexington
Bakersfield
Columbia
San Antonio
Riverside
Denver
Seattle
El Paso
Colorado Springs
Nashville
Dallas
Jacksonville
Atlanta
Orlando
Houston
Charleston
Phoenix
Austin
Raleigh
Las Vegas

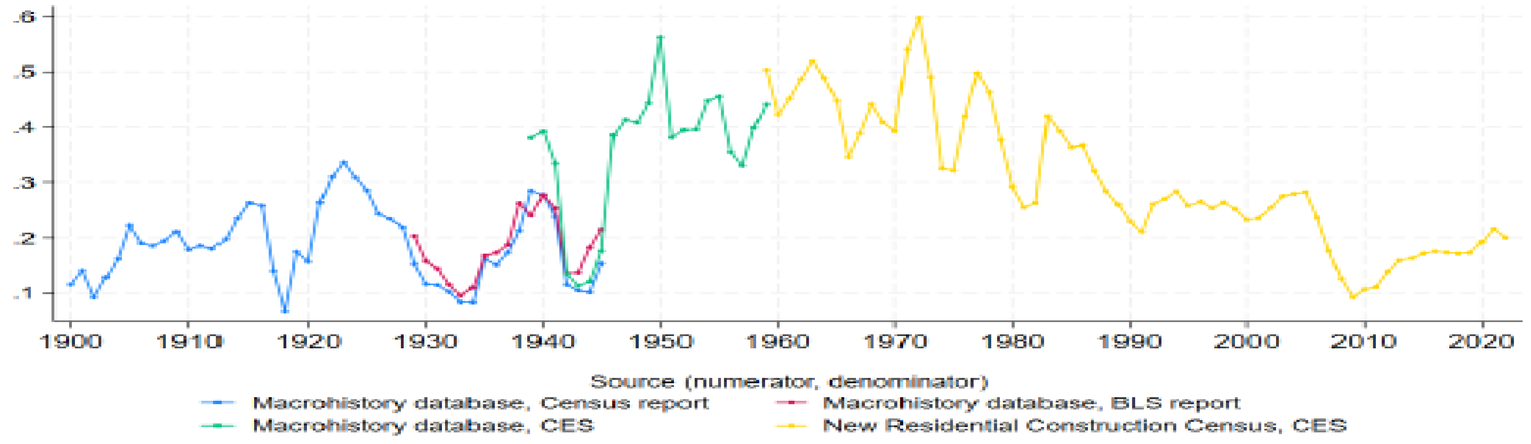
The Productivity Puzzle? Why are we so bad?

Construction Costs are Abnormal in the US



Declining Productivity in Construction (joint with D'Amico, Gyourko, Kerr and Ponzetto)

Figure 4: Housing Units Started per Employee in the Construction Sector



Note. The figure plots housing units started per employee in the construction sector, from 1900 to 2023. We take housing units between 1900 and 1959 from the Macrohistory Database, specifically from the sources denominated *US Number of New Private Nonfarm Housing Units Started, One-, Two-,* and *Three-or-more*. From 1959 onward, the data comes from the Census's New Residential Construction program, specifically from the *New Privately Owned Housing Units Started* series. Employment data in the construction sector between 1900 and 1945 was obtained from the *Historical Statistics of the United States, 1789 - 1945*, series D62-76. For the 1929-1945 time period, we also consulted a Bureau of Labor Statistics (BLS) historical report, which corroborates our main series. From 1939 onward, employment in the construction industry was taken from the BLS's Current Employment Statistics (CES).

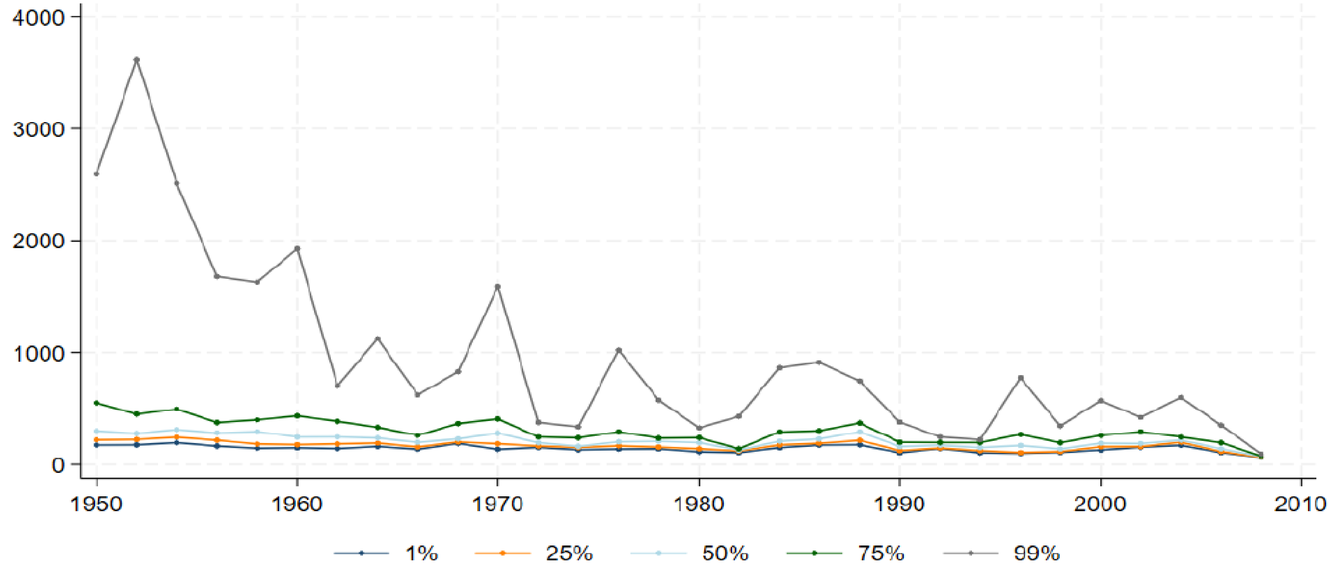
Are there Any More Levitts?

- Small size of firms is linked with small building projects?
- Megabuilders of the 1950s: 1,400+ acres projects w. 15,000+ homes
- 35 houses per day, assembly line-style





Figure 13: Detail on the Largest 1% of Single Family Housing Projects Over Time, Los Angeles County, 1950-2009



Note. The figure plots the 1st, 25th, 50th, 75th and 99th percentiles of the top 1% of single family housing developments over time in Los Angeles County, CA. The underlying data are from CoreLogic, with project scale being estimated as described above in the text.

Figure 8: Firm Size Distributions

(a) Employment Shares

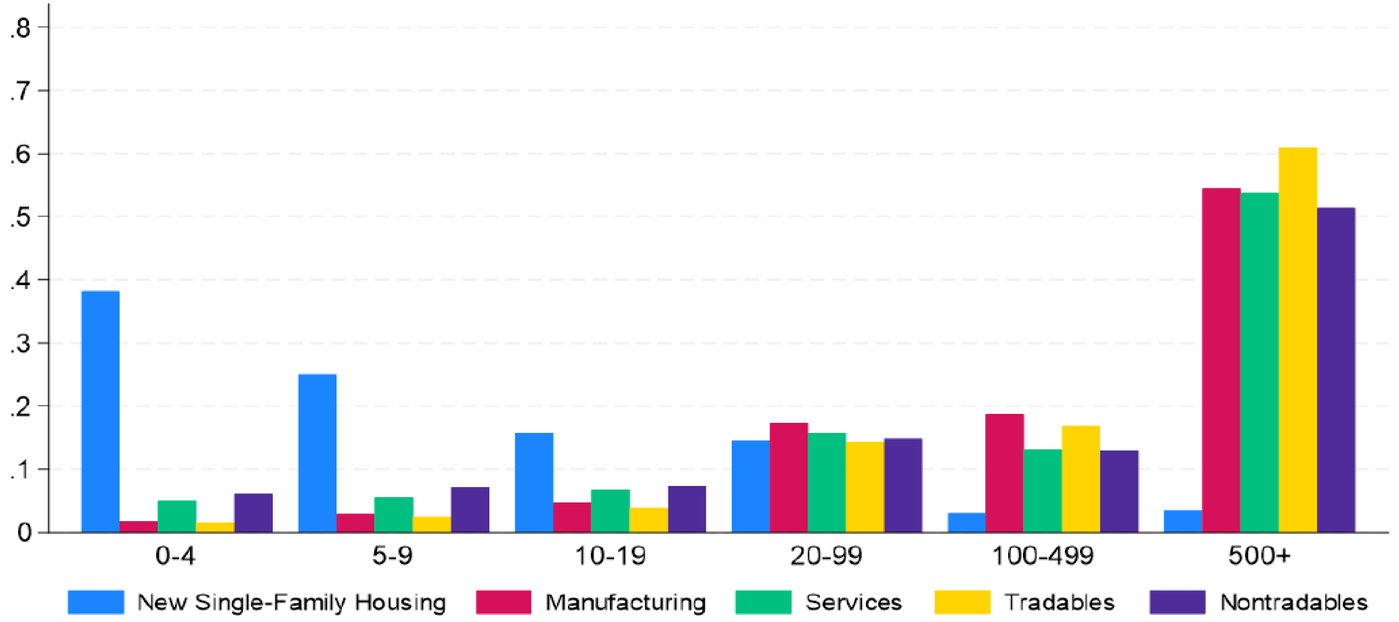
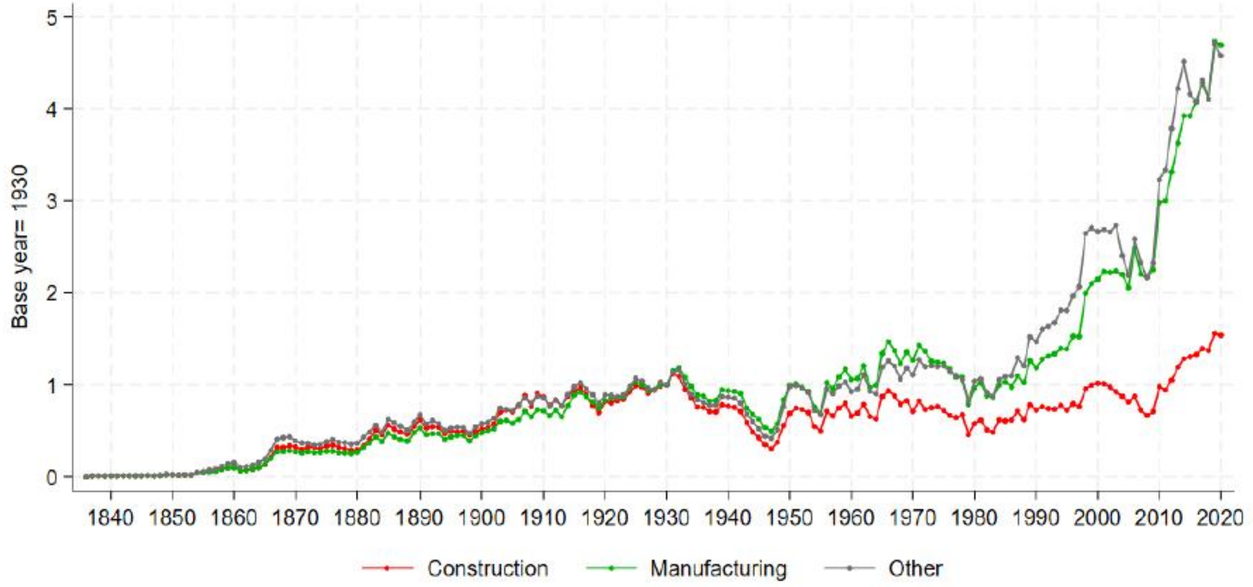


Figure 15: Patent levels by industry



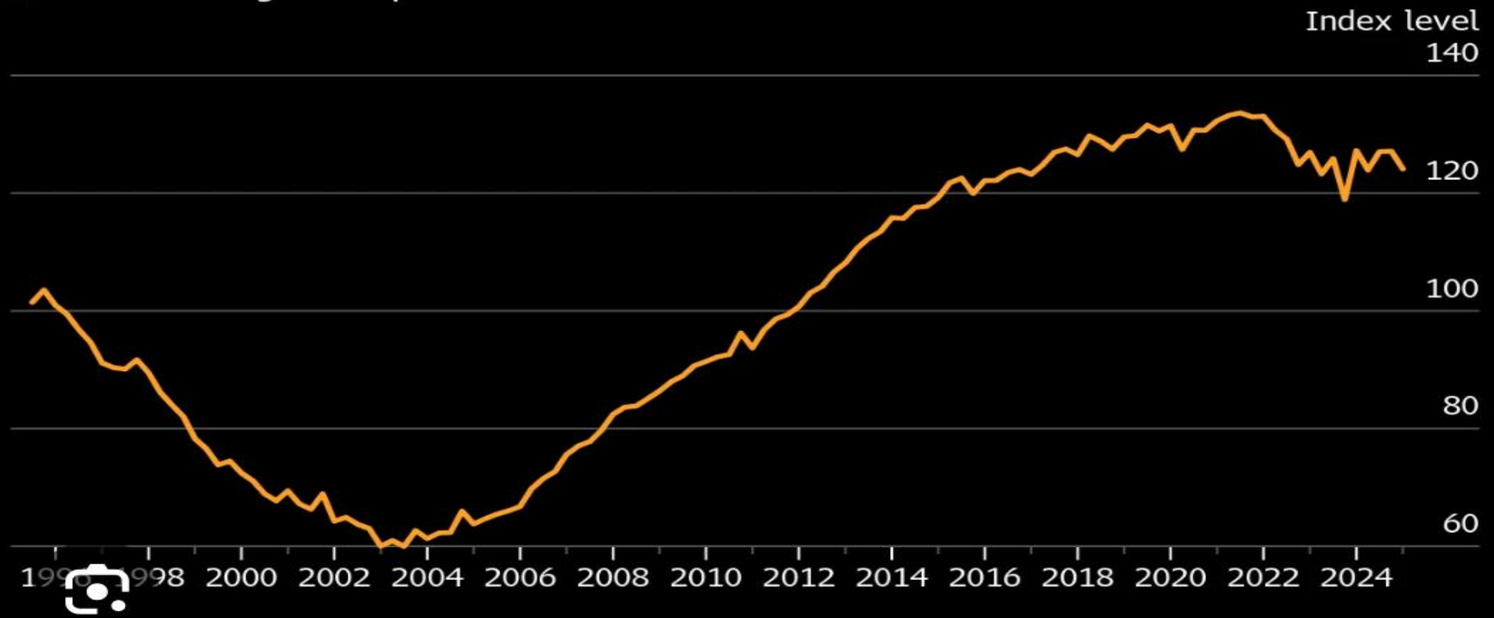
Note. The figure plots by industry the relative patent levels over time for US-based inventors, with the series for the construction sector, the manufacturing sector, and other industries indexed to 1930.

The Costs of Over restricting Building

- Highly productive places have become unaffordable.
- Whole countries becomes less productive because people can't move to cities where firms are more productive.
- People remain trapped in regions of economy dysfunction because more productive places are too expensive.
- Opportunity for the children of the poor is reduced – poor families live in isolated neighborhoods often on the far edge of urban areas.
- Insiders become wealthier – outsiders lose out.
- Housing bubbles become more extreme.
- Building becomes less efficient
- We harm the environment (in the US pushing out and away from temperate areas, less obvious in Colombia).

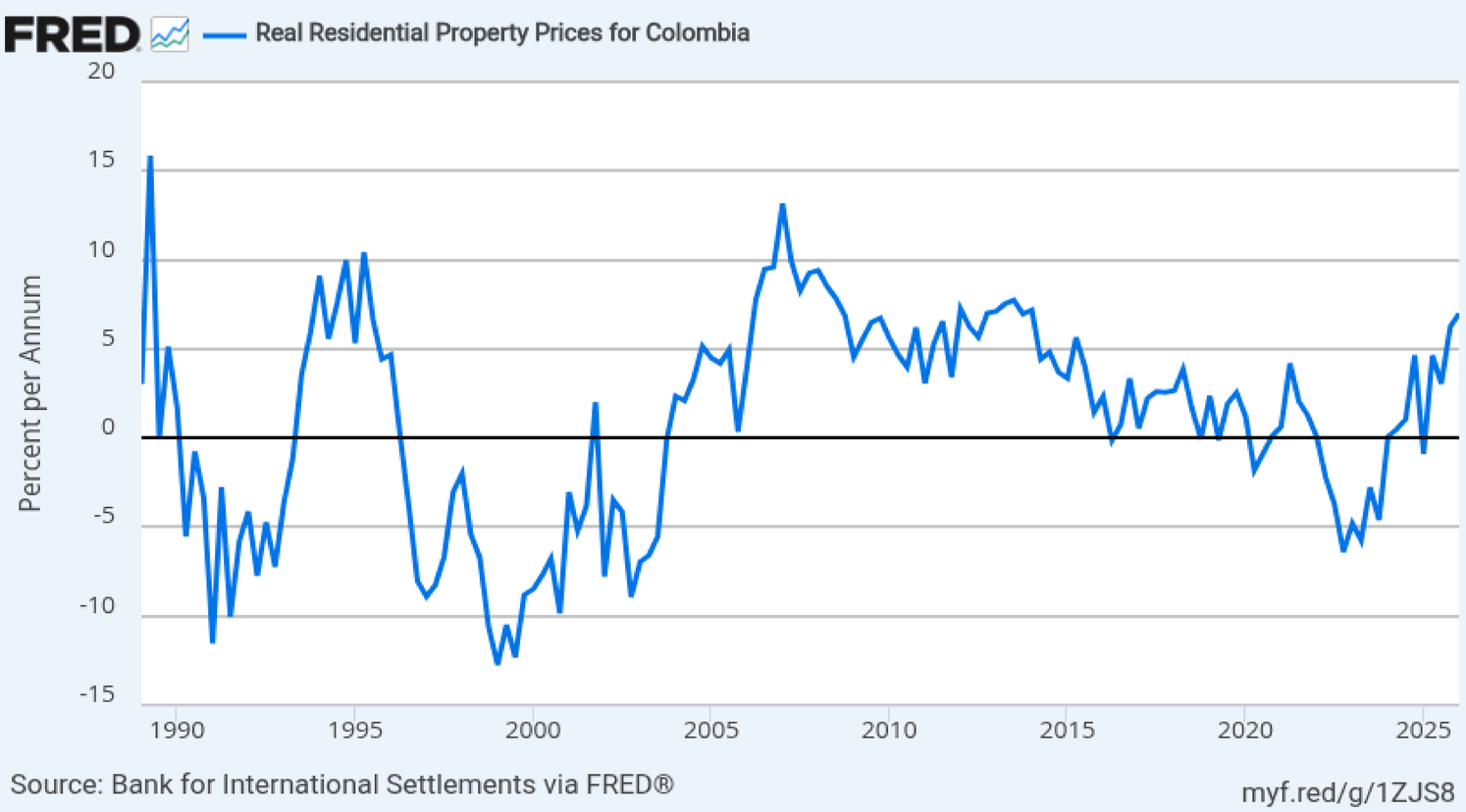
Colombian Home Prices Fizzle

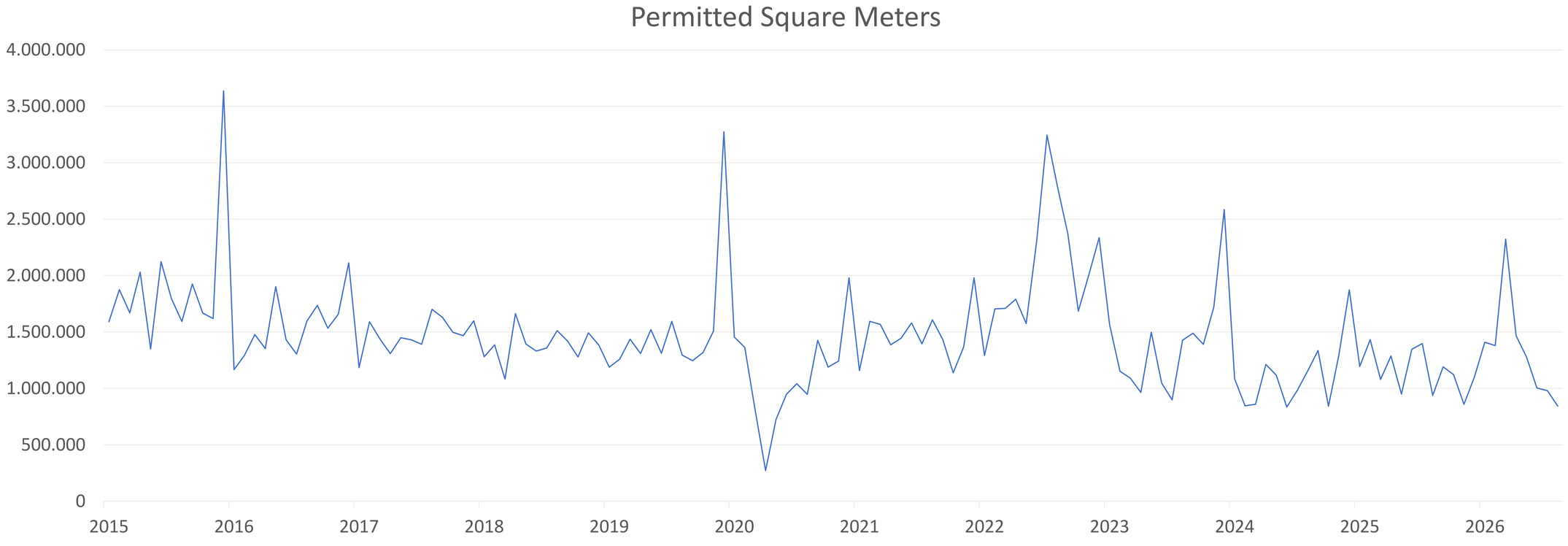
Existing home values have flatlined for the past decade



Sources: Colombia's central bank, Bloomberg

Bloomberg


FRED
Real Residential Property Prices for Colombia
Percent per Annum
20
15
10
5
0
-5
-10
-15
1990
1995
2000
2005
2010
2015
2020
2025
Source: Bank for International Settlements via FRED®
myf.red/g/1ZJS8


Permitted Square Meters
4.000.000
3.500.000
3.000.000
2.500.000
2.000.000
1.500.000
1.000.000
500.000
0
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026

Less Supply of Living Space and Flat Prices

- This feels very different from the go-go years of 2014 to 2018.
- Yet Colombia's cities are still in the middle of transforming themselves and transforming the country along with them.
- If Colombia's building industry experiences the same slowdown as in the US, the country will be significantly poorer and provide less upward mobility for the poor.
- The true city is made of flesh and blood, not concrete and glass, but for urban humanity to thrive it needs enough building.