

Discussion of “Creative Destruction: Barriers to Urban  
Growth and the Great Boston Fire of 1872”  
Hornbeck and Keniston

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- Impressive **dataset construction**: universe of historical tax assessments; extensive robustness checks using alternative data
- **Empirical identification** of effect of coordinated building opportunity using spread of 1872 **Great Fire** of Boston

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- “Restricted sample”: RD approach to robustness check; but **cannot identify LATE because of externalities themselves**.
- Even **restricted sample** has **different pre-trend**.
- Pre-trend differences suggest this leads to **downward bias** on main estimates, perhaps greater for later years.

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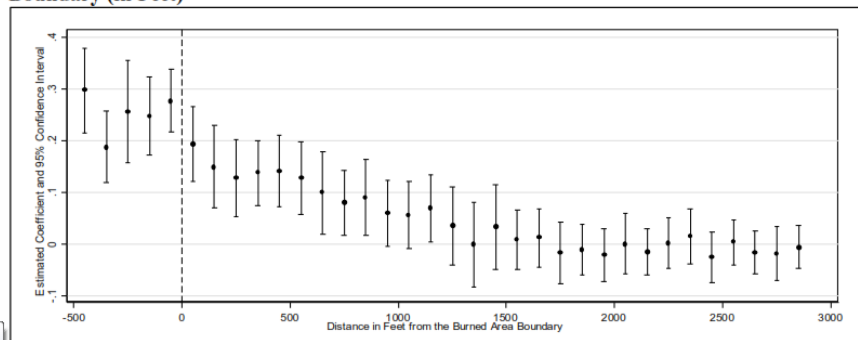
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  - ▶ Burned and nearby areas
  - ▶ Great Fire and individual fires
- **Placebo tests** using alternative areas - e.g. areas that would have been burned if fire spread in a different direction (e.g. wind)?

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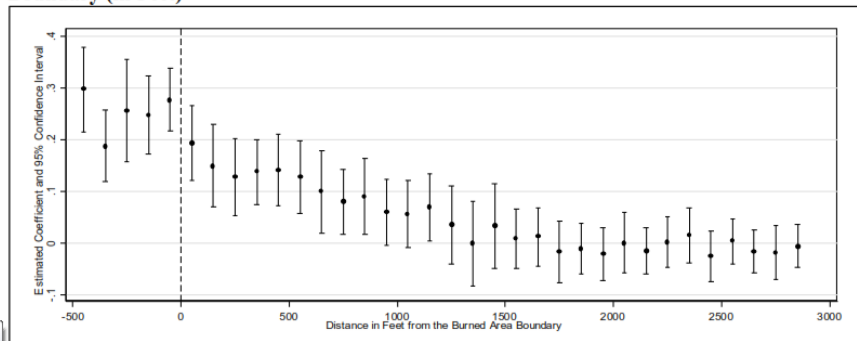
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**Figure 5. Estimated Changes in Land Value from 1872 to 1873, by Distance to the Fire Boundary (in Feet)**



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- Map in 2D space **over time** to support longer-term interpretation



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- Key contribution: illuminating externalities; **policy implications** differ widely depending on **exact mechanism**.
- Model allows for a generic externality of **building quality** directly on **rental value** of its neighbors,  $\frac{\delta r}{\delta Q}$ . Text: “broad view of neighborhood quality”.
- Discussion mostly in appendix: land assembly (yes but small); business agglomeration (if anything, decreased!); occupant sorting (some evidence); public infrastructure (difficult to identify).

# Mechanisms

- Paper could take a clearer stance on:
  - ▶ Which are **mechanisms for the effects in the model** (e.g. occupant sorting), and which are **alternative explanations to rule out** (e.g. road infrastructure);
  - ▶ If these are all “alternatives”, what are the **“main” mechanisms** for the building quality externality (physical - e.g. fire hazards themselves? Preference for a pleasant streetscape? Evicting undesirable tenants as neighbors? Crime?)?

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- Convincing argument: if we see evidence of spillovers, this still **demonstrates the economic mechanism of interest**, even if effects are relative.
- Question for discussion: **how to think about GE effects** in this line of research?