



Event Report: IGC-Harvard Cities Mini-Conference 2017

Half the world's population will soon live in cities, with rapid urbanisation occurring across the developing world. Growth in productivity in cities has driven the recent economic transformation of many countries, including India and China. Rapid urbanisation is equally prevalent in countries without the same high levels of economic growth, especially in sub-Saharan Africa. In spite of these facts, the majority of current and historical academic research in development economics overlooks the pressing issues facing cities.

To further crystallise an agenda around the study of cities in developing countries, and following the success of the 2nd IGC Cities Conference and the Harvard Cities Mini-Conference in 2016, the IGC hosted its second Cities Mini-Conference of academics at Harvard University on 5th May 2017. The event served to build momentum around the establishment of Cities in Development as a major subfield of economic research.

The conference was structured around a series of short papers by junior researchers, followed by early stage research proposals by graduate students, and discussions from senior urban and development economists.

Research presented covered many urban issues, including trade and mobility in cities, the role of female labour supply, slum upgrading programmes and rural-urban migration patterns. Much of the research presented centred on the role of transport policy in tackling the downsides that come with density – congestion and pollution – and in providing the connectivity that makes cities work.

Effects of subways on urban growth and pollution

Matthew Turner and Marco Gonzalez-Navarro presented two interrelated papers on the effects of subways on [urban growth](#) and on [pollution](#). They find that although cross-sectional studies find a high correlation between subways and urban economic activity, this relationship may not be causal. Looking at data on cities as they develop over time, they find that introducing urban subways has a limited impact on encouraging urban growth, measured through population growth and through data on night lights – a common proxy for economic activity. Discussions centred on the fact that this somewhat surprising result may be driven by the fact that whilst subway investments can help encourage economic activity in growing cities, in many cities (such as Detroit), subways are introduced precisely because the city is in decline – giving rise to a negative relationship between subways and growth. On the impact of subways on air pollution, they find highly significant effects – a 5% reduction in particulates 18 months after the introduction of a subway station. Based on WHO estimates, the economic value of this reduction in pollution can be up to \$10 per subway trip.

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Urban mobility in Indian cities

Gilles Duranton presented a paper on urban mobility in Indian cities, using data on simulated Google Maps journeys to examine the determinants of congestion across different cities. The data suggests a hump-shaped relationship between city affluence and commuting times. Notably, big affluent cities, and small poor cities have high commuting times, but medium-sized and reasonably affluent cities have lower commuting times. Duranton and his co-authors also decompose commuting times into commuting time without traffic (free traffic flow), and excess commuting time caused by presence of traffic (congestion). Having carried out this decomposition, they find that 70% of variation in commuting time is from variation in free traffic flow (this variation is typically caused by variation in quality/quantity of road infrastructure), and only 15% from variation in congestion. This points to the possibility that congestion isn't as big a factor as we thought in restricting urban mobility, relative to poor road networks. However, they note that while this holds in the aggregate, in big city centres, congestion becomes a more important determinant of variation in commuting times.

Impact of policies on congestion and road safety

Further transport-related papers examined the impact of particular policies on congestion and road safety. Gabriel Kriendler presented a paper on the [impact of the elimination of the '3-in-1' traffic restriction in Jakarta](#). This policy mandated that all cars driving on particular popular urban roads had to have at least three passengers in the car in order to be able to drive – a 'high-occupancy vehicle (HOV) restriction'. The paper found that removing the restriction greatly increased traffic. Abhijit Banerjee presented a [randomised controlled trial](#) on the frequency and placement of policy checks for drinking and driving in India. They find, in line with theoretical predictions, that for higher frequency police checks it becomes increasingly important to randomise location of checks – otherwise people quickly learn these locations and choose routes to avoid them. The importance of 'keeping people guessing' on police checks through randomising location and even reducing frequency of checks, rather than making them highly predictable, is also important for limiting dangerous driving behaviour after the policy of police checks has ended. By making checks more unpredictable, drivers take longer to realise the policy has ended.

Economic activity and agricultural productivity

Adam Storeygard presented a paper examining the [impact of geographical attributes on city formation over time](#). In particular, they explore the relationship between night lights (a proxy for economic activity) on indicators of agricultural fertility (e.g. temperature, biome type) and on indicators of suitability for trade (proximity to coast, rivers, large lakes, etc). They find that in today's rich countries, areas of high economic activity (cities) locate in areas of high agricultural productivity, whereas in today's poor countries, cities locate in areas of high trade suitability. Two possible stories behind this result

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were suggested: either this is a colonial legacy (colonizers placed important cities in strategic trade locations), or it is a more market-based trade story –with lower trade costs now than historically, urbanisation can happen at lower income levels because countries don't need to provide their own bread basket, but can import food from richer countries.

The value of face-to-face contact for traders

Meredith Startz presented research on [search and contracting frictions faced by Nigerian traders](#) purchasing goods from abroad, showing that face-to-face contact acts as a highly important, but costly, mechanism to overcome these frictions. This adds to a literature on the importance of face-to-face interactions, and the importance of clustering people together more broadly, on economic activity. In order to overcome uncertainties in the contracting process, and uncertainties over the quality of goods purchased, Nigerian traders spend a significant proportion of their incomes on travel costs to meet suppliers – according to her data, these travel costs represent as large an expense as tariff and transportation costs.

A full programme for the day, alongside relevant working papers for research presented can be found here ([hyperlink](#))

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