

World Knowledge Forum 2013

Edward Glaeser - Real Estate, The Government and the City

According to Edward Glaeser, Professor of Economics at Harvard University, "It's pretty obvious how history will view us. This will be the period in which it is known that mankind transformed itself from a primarily rural species...to an overwhelmingly urban species." Mr. Glaeser, was joined by moderator Kyung-Hwan Kim, President of the Korea Research Institute for Human Settlements, to discuss issues regarding the urbanization of humanity at the 14th World Knowledge Forum on October 15, 2013 in a lecture titled "Real Estate, the Government, and the City." He spoke at length about the common misconceptions of urbanization, the reasons some cities do not succeed, and the ways in which we should approach the issues involved.

Mr. Glaeser offered a contrasting statistic to start. "There is no country that epitomizes [the relationship between income and population density] more than Korea, which, in 50 years has gone from a country that was 28 percent urbanized in 1960 to 80 percent urbanized today; while, at the same time, incomes have increased 30 fold," he stated. He continued by saying that people translate this as trading the joys of rural life for money.

"Anyone who thinks that has not been to rural India," he quipped. According to Mr. Glaeser, rural areas have only a third of the infant mortality rates that suburban areas experience. He followed by stating that, statistically, people in urban areas enjoy greater life satisfaction as well.

Though a supporter of urbanization, Mr. Glaeser pointed out that not all cities benefit from it. The reasons appear to lie in the approach that each respective city takes to urbanization. He used Detroit as a perfect example to illustrate what happens when a city invests poorly in its infrastructure.

When talking about Detroit's attempt to reinvent itself, Mr. Glaeser stated, "Factories are not part of the fabric of urban life. They may be marvelously productive in the short term, but they're not part of the urban generation in the long term."

He further illustrated this by referencing the monorail built in Detroit. "They [reinvented themselves], not through large scale government projects...which spend hundreds of millions of dollars on stupid public works projects, but through private entrepreneurs."

Another issue with certain rural areas is affordability. Mr. Glaeser accredited this problem to preservationism, a concept long advocated by Jane Jacobs, a journalist known for her influence on urban studies. He insisted that if new buildings are not built, a city will be made unaffordable.

He continued by offering what he believes are better approaches towards development. "There

are demons that come with development that need to be defeated," he said. Mr. Glaeser pointed out that the two major issues are clean water and congestion.

"If you don't have clean water, people die," he said, supporting this claim by referring to the amount of money that New York City has invested in its water treatment. He said that, as a result, a nine-year-old boy living in New York City could now expect to live 2 years longer than the national average.

To fight congested city streets, Mr. Glaeser recommended charging money for the use of roads, stating that it is necessary for their rational use.

He also suggested that the government should not be involved in persuading people to buy homes in suburban areas, claiming that there are many negative effects. He believes that the government egging people on to buy homes in an unstable market is a bad approach, and it is a risky investment for the buyer. "The government has no business making ordinary products more expensive for ordinary people," he said.

Despite the challenges discussed, Mr. Glaeser ended on a positive note. "The basic message is about our ability as a species to work wonders...we have remade the world...we have created wonders of art and culture and science and technology, and none of these could have ever been done by humans on their own...we should treasure the cities...that have allowed us to push ourselves forward."