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COVID-19, The New Urban Crisis, and Cities: How COVID-19 Compounds the Effects of Economic Segregation and Inequality on Metropolitan Economic Performance

Richard Florida
University of Toronto

Todd Gabe
University of Maine

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COVID-19, The New Urban Crisis, and Cities

How COVID-19 Compounds the Effects of Economic Segregation and Inequality on Metropolitan Economic Performance

Richard Florida (University of Toronto)

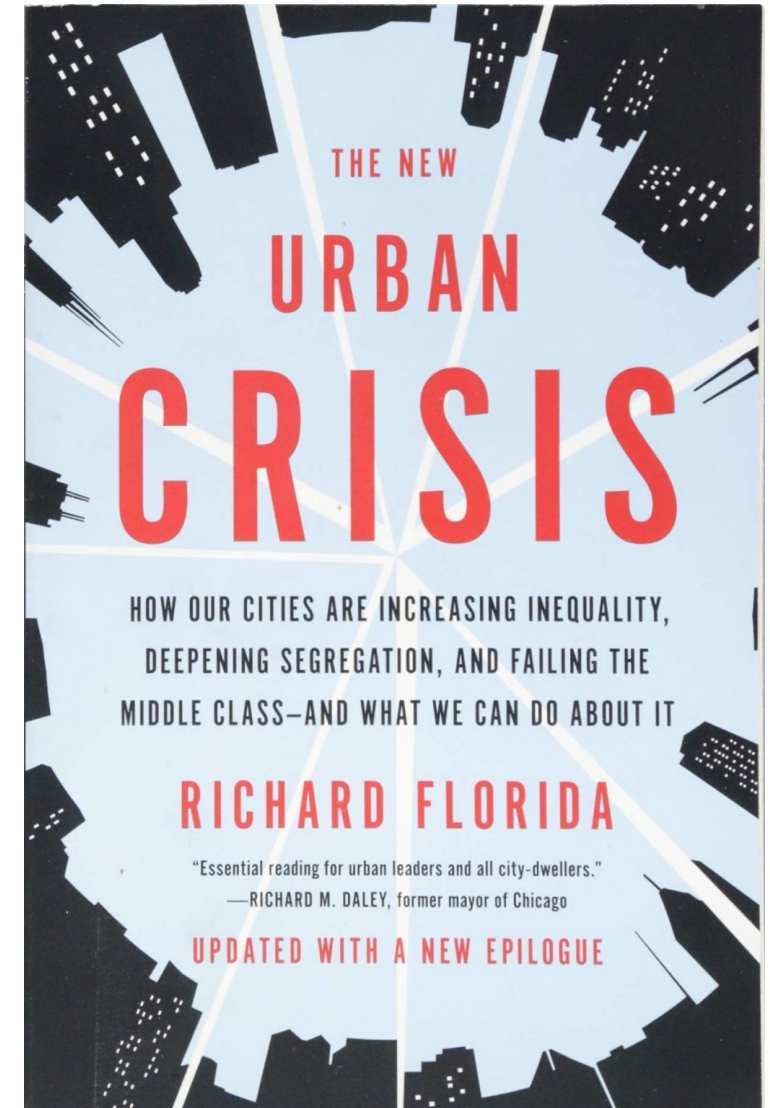
Todd Gabe (University of Maine)

Overview

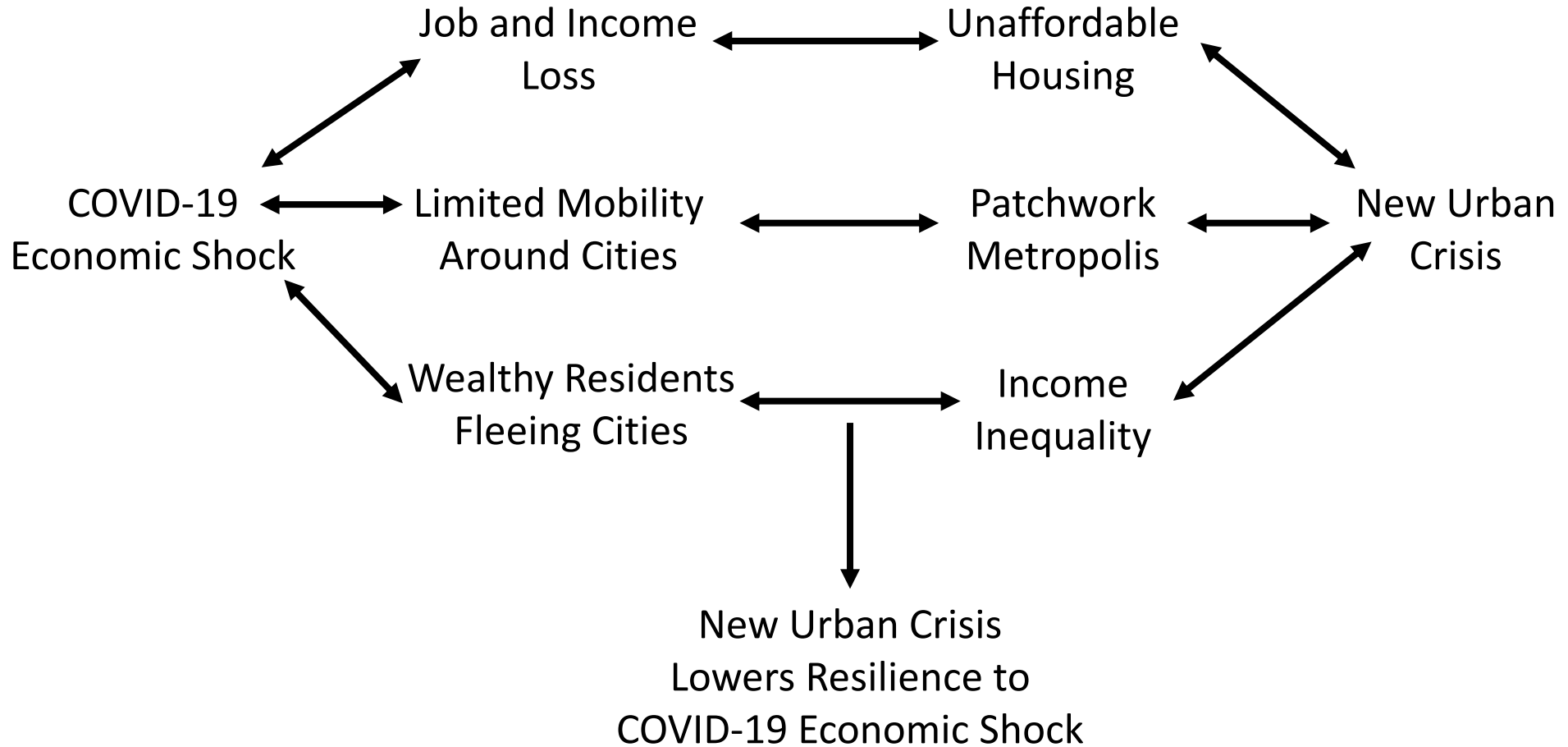
- COVID-19 had large economic impacts on regions worldwide
- Ability to recover from large shocks is an indicator of resilience
- Inequality and segregation may impact a region's resilience to economic impacts of COVID-19
- Analyze factors affecting U.S. metro area growth in pre-pandemic, COVID-19 shutdown, and early recovery months of 2020

New Urban Crisis (Florida 2017)

- Income inequality, residential segregation and unaffordable housing in many big cities
- Driven by the growth and productivity of regions
- High human capital workers fuel demand for low-income jobs

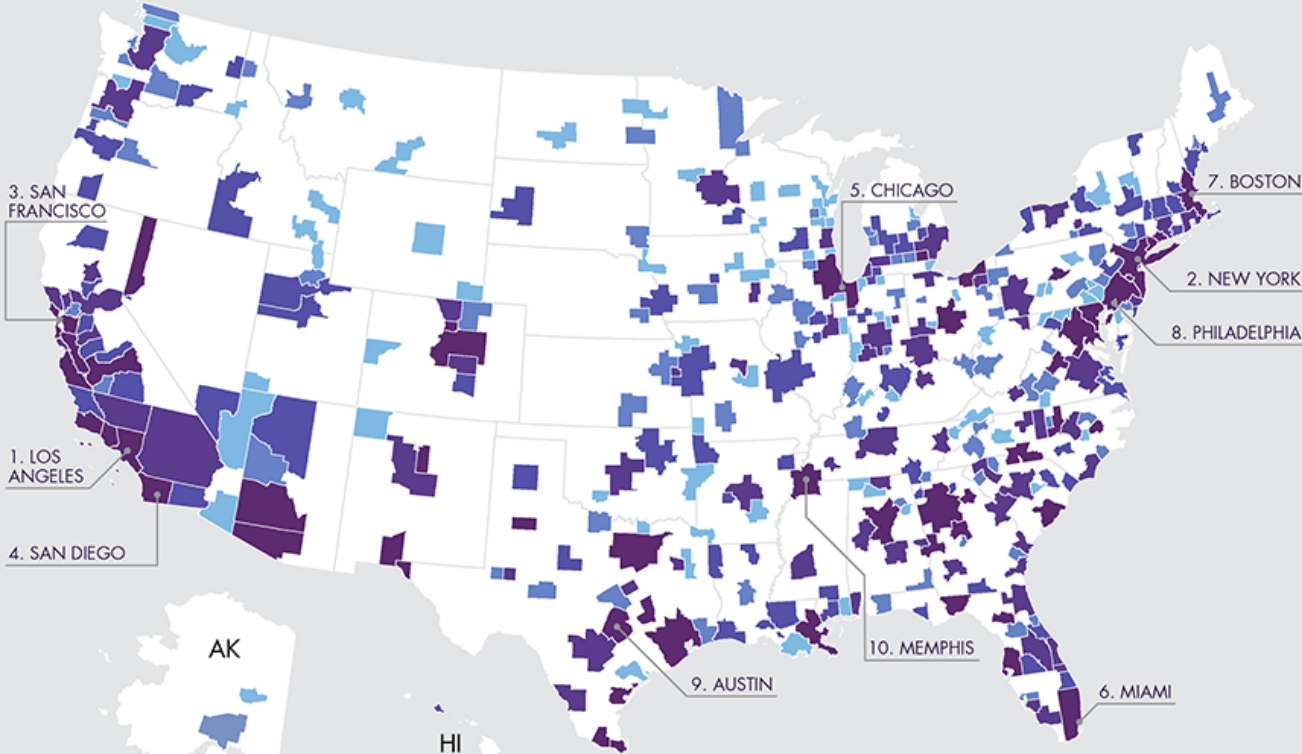
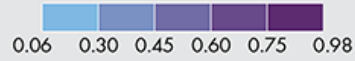


NUC Decreases Resilience to COVID-19 Shock



New Urban Crisis Index

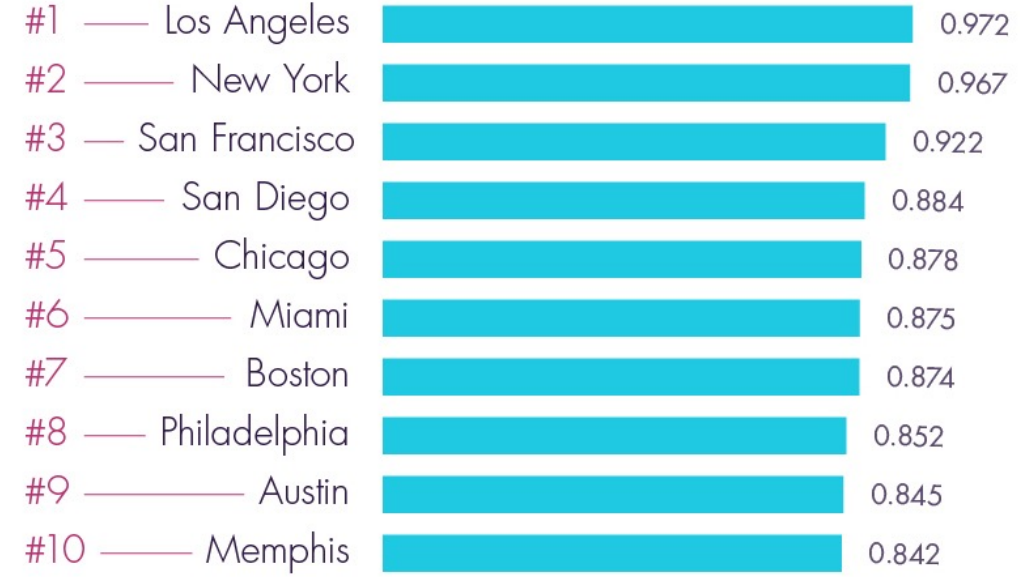
A combined measure of the depth of the New Urban Crisis based on wage and income inequality, economic segregation and the unaffordability of housing.



Source: Martin Prosperity Institute, based on data from the US Census.
Richard Florida, *The New Urban Crisis*, Basic Books, 2017



Where the New Urban Crisis is Worst



New Urban Crisis Index

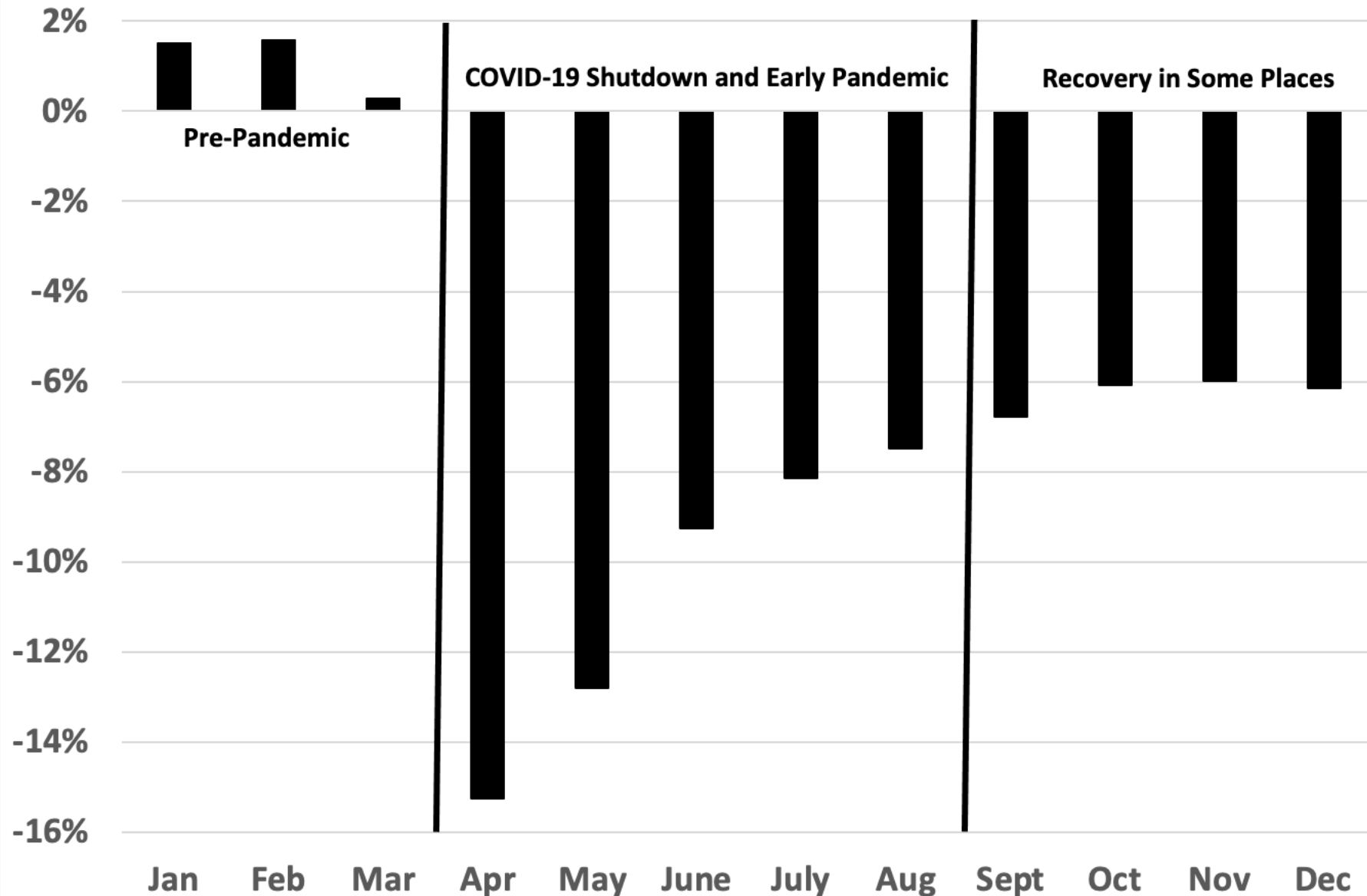
Note: Large metros only. This measure is based on a combination of economic segregation, wage inequality, income inequality, and housing unaffordability.

Source: Martin Prosperity Institute, based on data from the US Census and the US Department of Labor, Bureau of Labor Statistics.

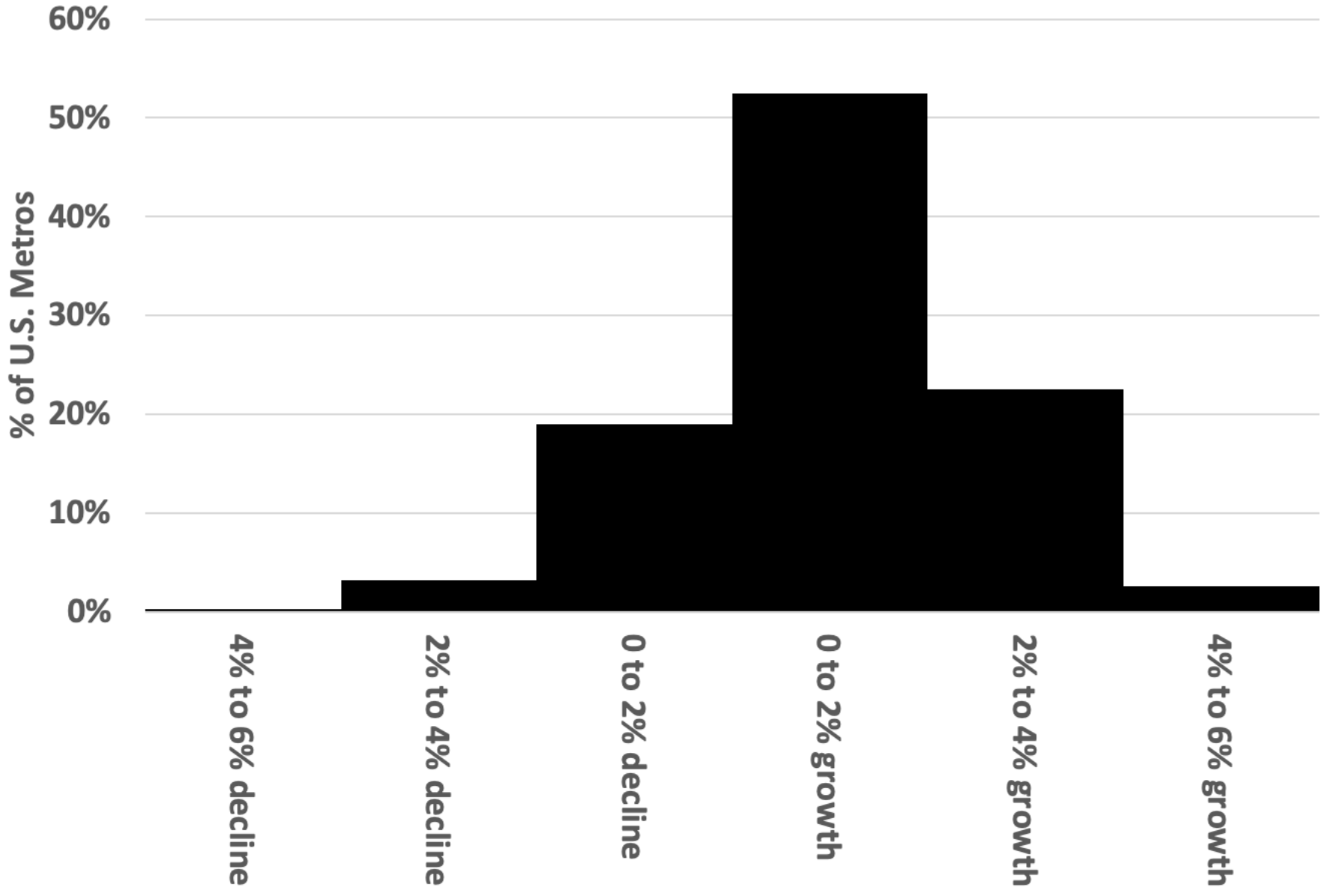
Richard Florida, *The New Urban Crisis*, Basic Books, 2017

**Martin
Prosperity
Institute**

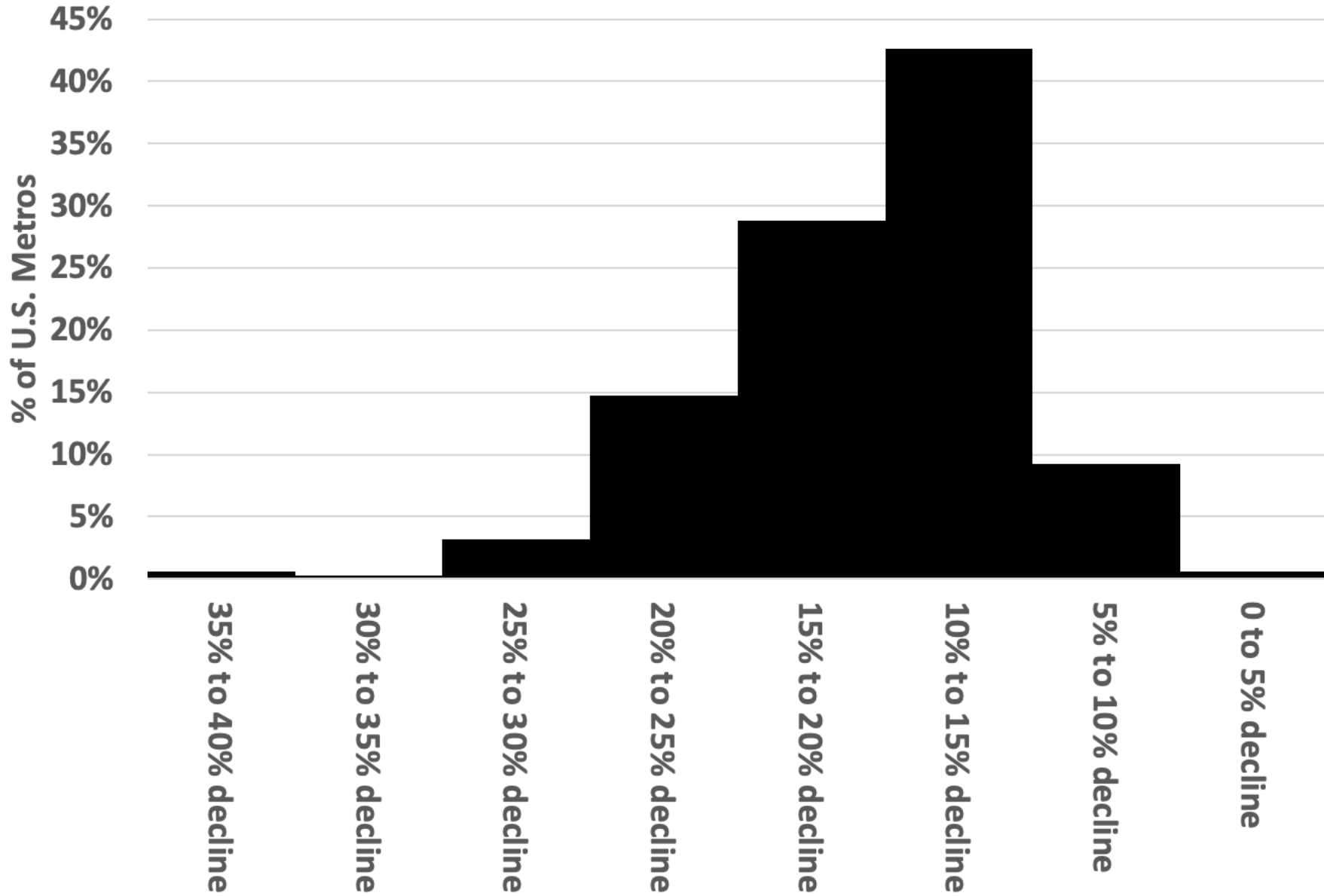
U.S. Employment Change: 2019-20



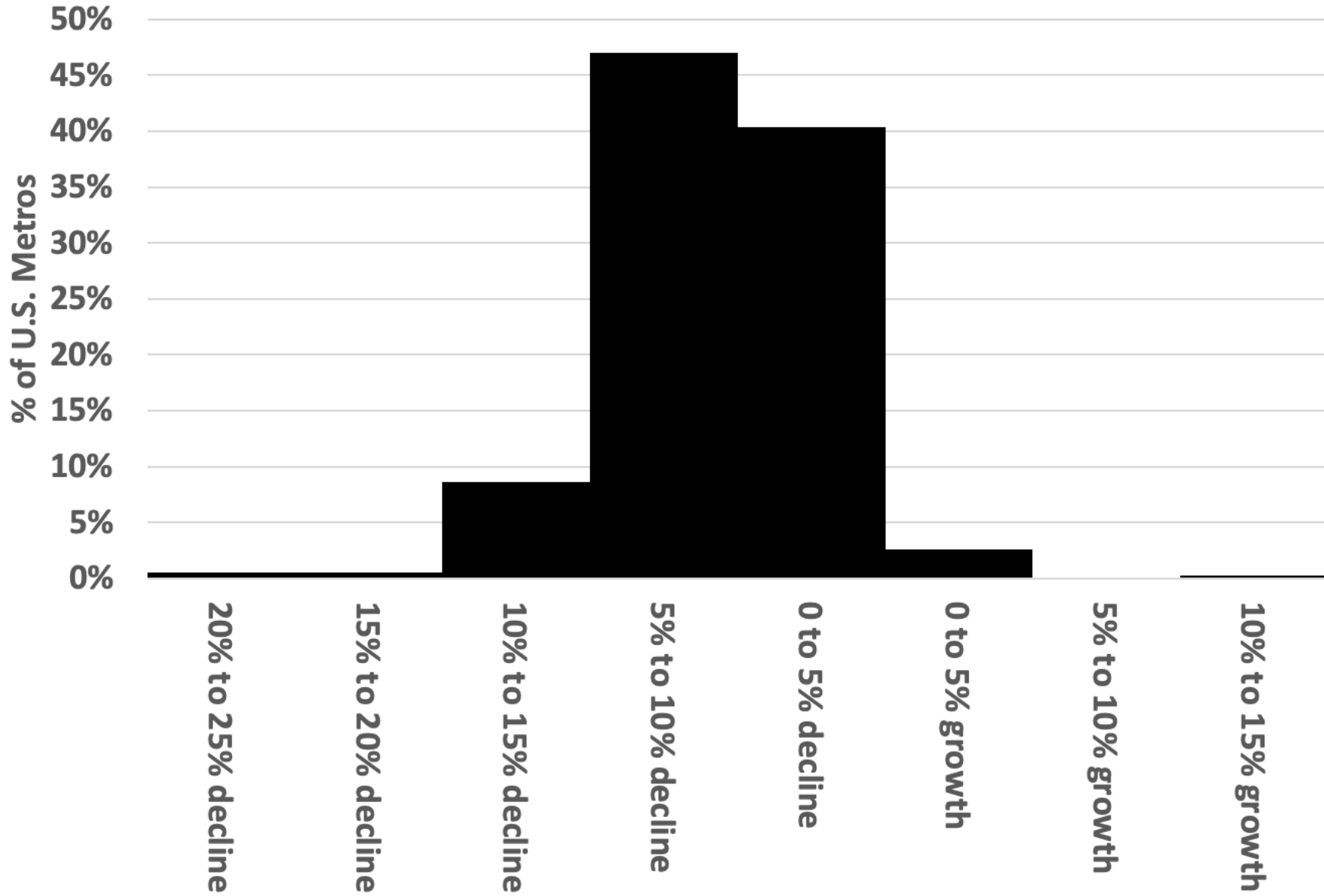
U.S. Metro Employment Change: Jan 2019-2020



U.S. Metro Employment Change: Apr 2019-2020



U.S. Metro Employment Change: Dec 2019-2020



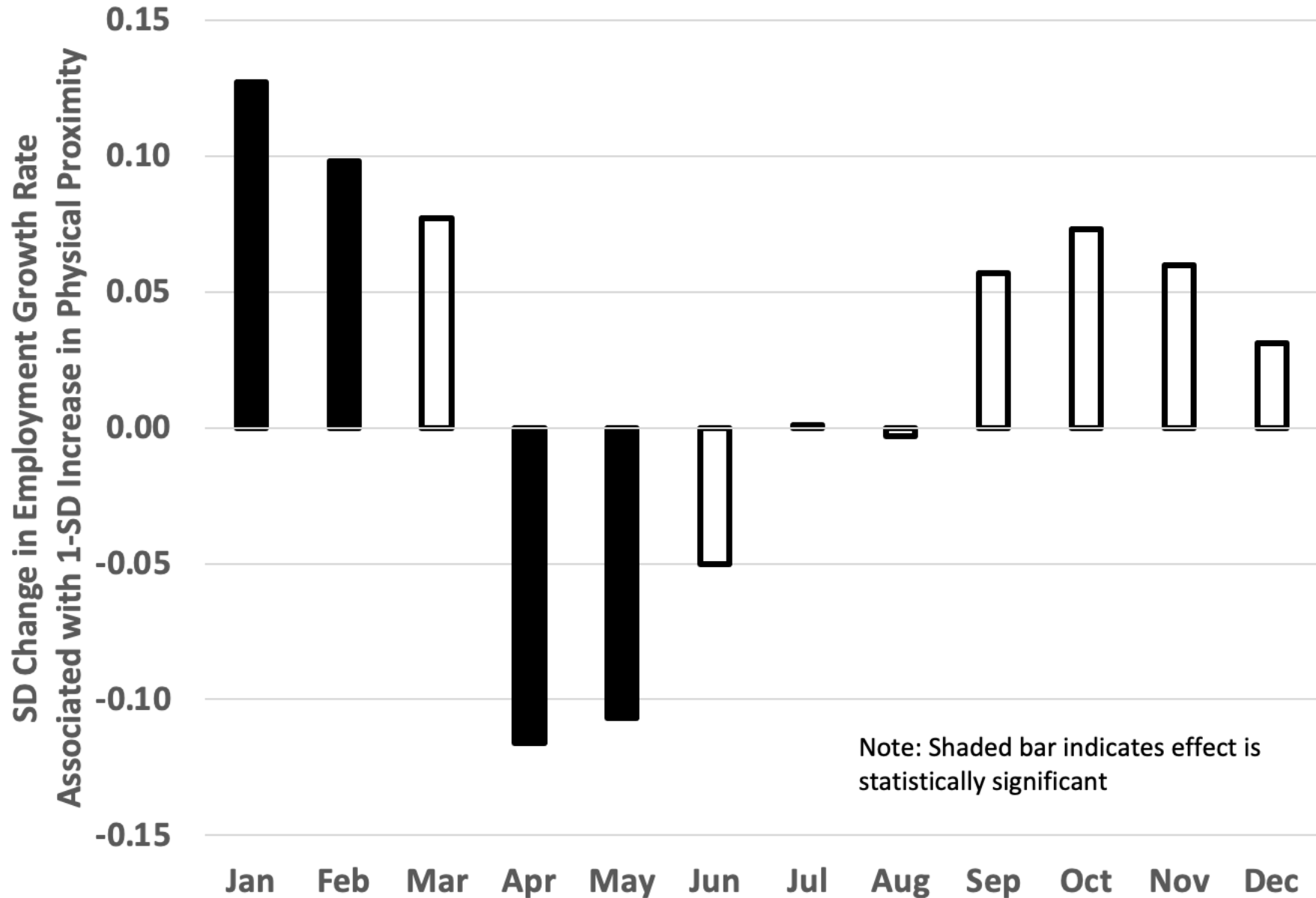
Effects of NUC on Metro Employment Change

- Regression analysis of monthly year-over-year employment change in 2020
- Focus on NUC index values
- Control for Physical proximity, Essential industries, Computer occupations, Population density, Past growth, Arts and recreation, COVID-19 cases, State of location



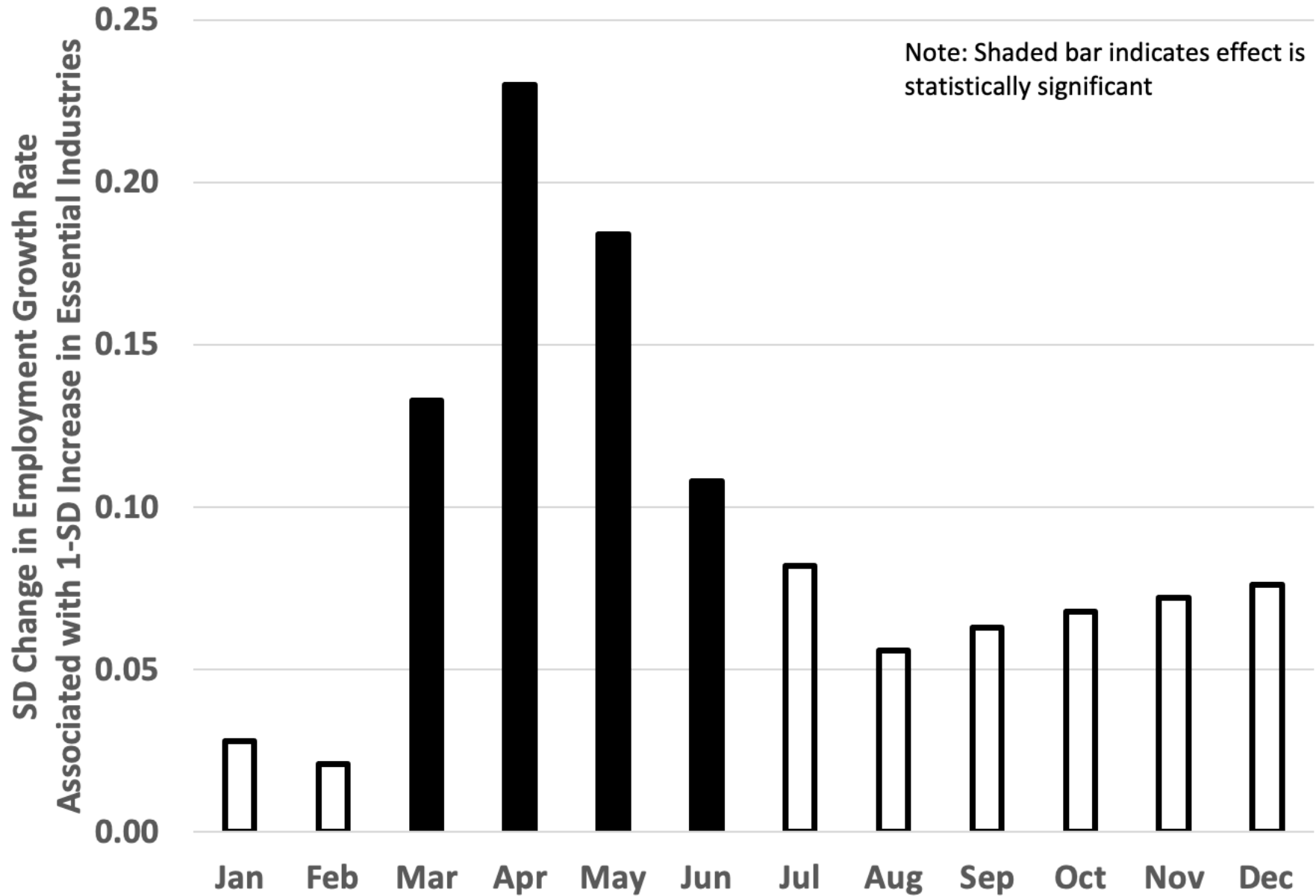
Photo credit: Flickr Creative Commons © Jenny Spadafora

Effect of Physical Proximity on 2019-20 Employment Change

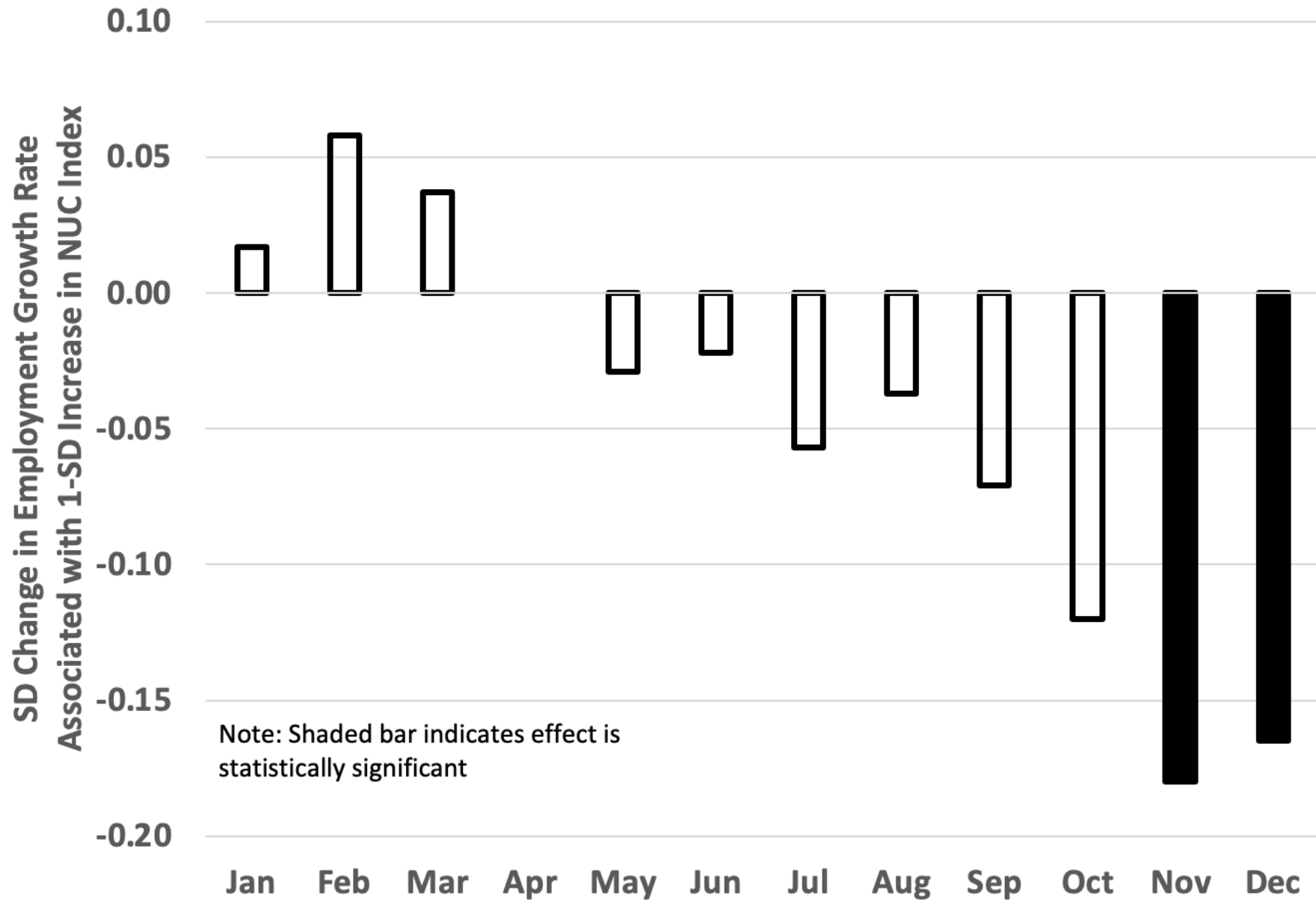


Note: Shaded bar indicates effect is statistically significant

Effect of Essential Industries on 2019-20 Employment Change



Effect of NUC Index on 2019-20 Employment Change



Note: Shaded bar indicates effect is statistically significant

Summary of Results

- Metros with more severe NUC had slower recovery from COVID-19 economic shock
- Physical proximity of jobs, Essential industries, Computer occupations, Arts and recreation, and Population density also affected metro employment change from 2019 to 2020



Photo credit: Flickr Creative Commons © Coco Zero

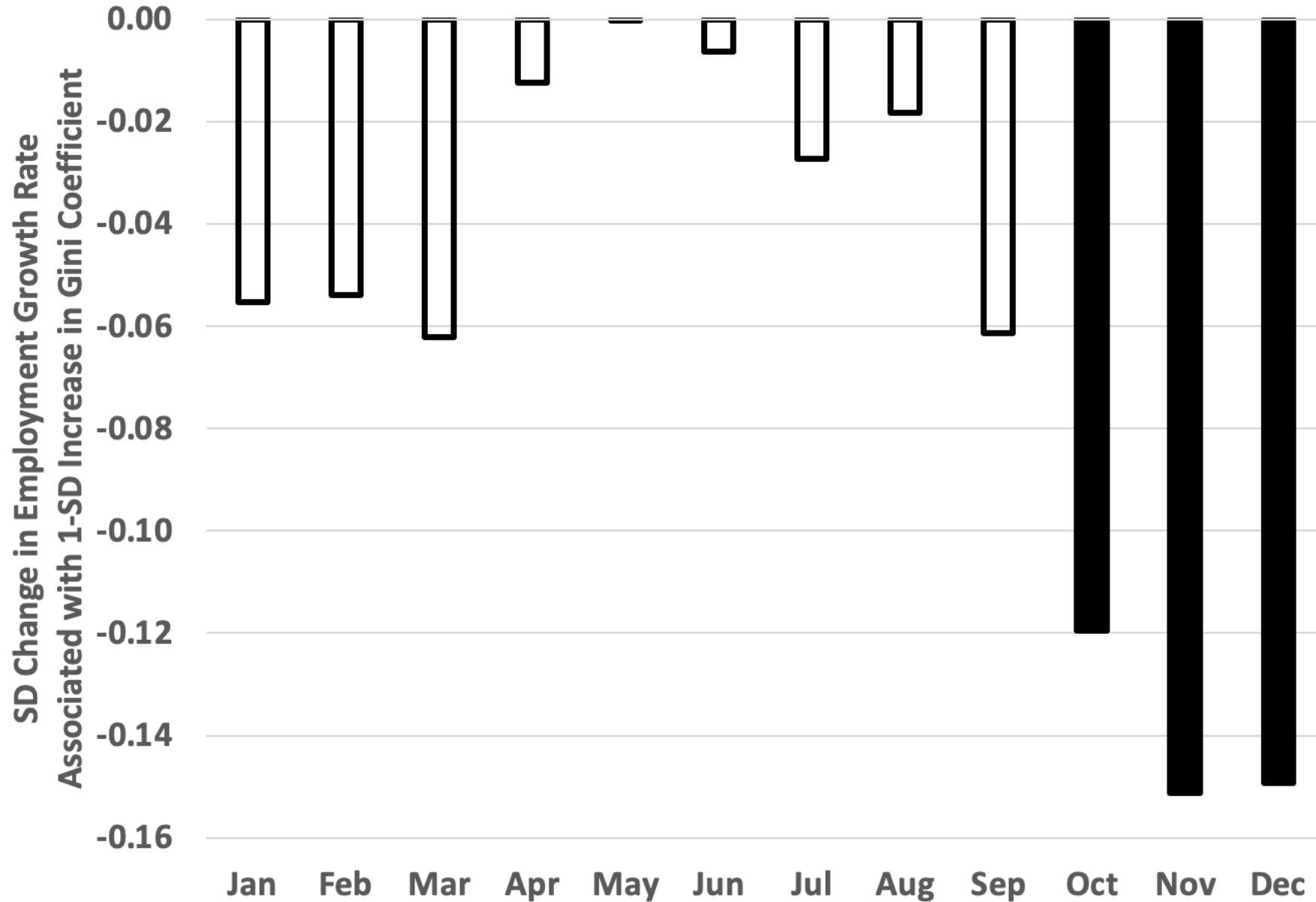
Extensions

- Broader measures of COVID-19 economic impacts and resilience
- Longer time frame
- Examine individual components of New Urban Crisis (e.g., income inequality, housing unaffordability, residential segregation)



Photo credit: Shutterstock: Mark Schwettmann

Effect of Gini Coefficient on 2019-20 Employment Change



Conclusions

- Severity of a region's New Urban Crisis decreased a U.S. metro's recovery from COVID-19 economic shock
- Income inequality and residential segregation are associated with lower (employment) resilience of regions

