“A relationship is like a shark; it has to be moving forward or it dies.” (W. Allen, noted urbanist)
Two Main Issues

- The Level of Economic Activity
- The Composition of Economic Activity
Cities exist to create agglomeration.

- Bigger concentrations make them more attractive = in-migration.

- Smaller concentrations make them less attractive = out-migration.
An Unstable Situation – Up or Down

Economy in Year T + 1

Economy in Year T
The Composition of Economic Activity

Less Educated Workers

More Educated Workers
Capturing Some of the Growth

Normal Supply Curve

Supply Curve Including “Growth Tax”

Better Educated Labor

W