



Department SEMINARS

Effects of telework on
population distribution across
cities: QSE model

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Lecture Hall, DEM



A B S T R A C T

This work investigates the effects of extensive remote-work adoption on the size and competitiveness of US cities. Contributing to the revamp of debate on the topic stimulated by the Covid-19 pandemic, it first produces city-specific upper-bound measures of potential remote-work adoption, making use of each city's share of employment in remotely-performable occupations. Then it exploits a Quantitative Spatial Economic model with shipping and commuting costs to evaluate the counterfactual effects that these levels of potential remote-work adoption would have in terms of population distribution across US cities.

Results show that, if remote-work was to be adopted to its full potential, larger cities would grow in size, welfare, and productivity. These results are the sum of a number of agglomeration forces, linked to larger cities the initial consumption and productivity advantages, to the higher frictions (and savings) entailed in their size, and to the higher share of workers in remote-workable occupations that larger cities tend to display. The new spatial equilibrium would entail generalised welfare gains that would also benefit smaller and shrinking cities through the pro-competitive effect of trade.

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