

New Orleans
Recovery Planning:
Insights from Economic Theory

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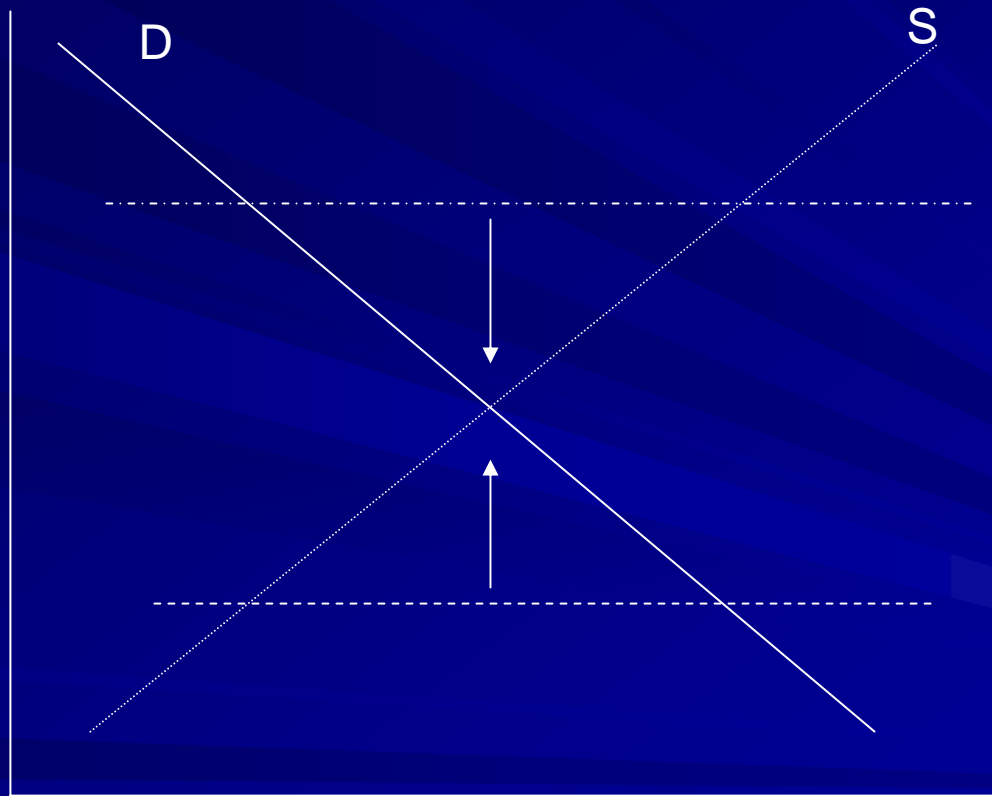
11.201 Gateway: Planning Action

12 September 2007

Two Main Issues

- The Level of Economic Activity
- The Composition of Economic Activity

A Stable Supply/Demand Equilibrium

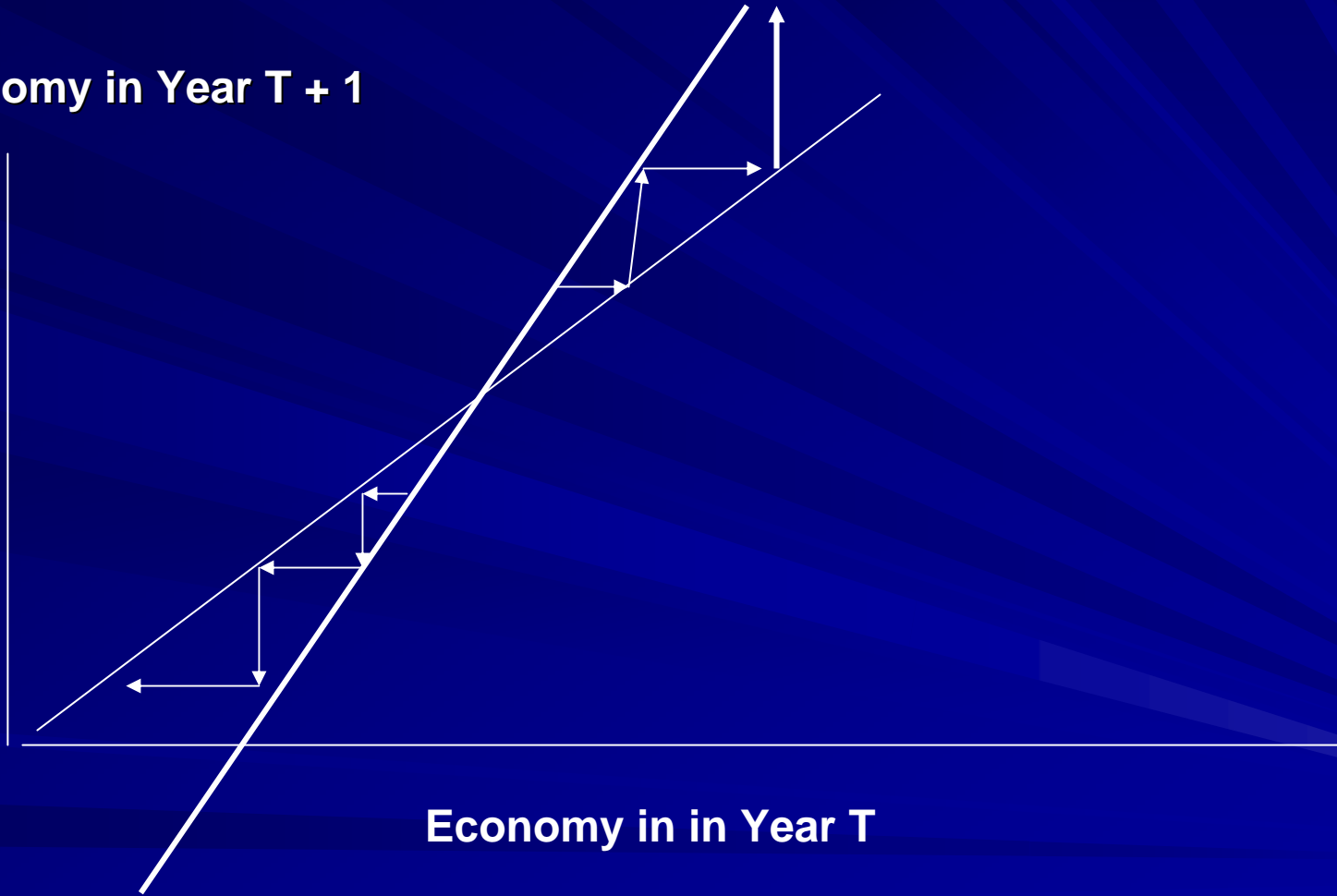


The Level of Economic Activity

- Cities exist to exploit agglomeration.
 - In the near term, everything depends on everything else. In the longer term, everything depends on export industries.
 - Greater concentration makes a city more attractive = in-migration.
 - Smaller concentration make a city less attractive = out-migration.

An Unstable Equilibrium – Up or Down

Economy in Year T + 1



Economy in in Year T

The Composition of Economic Activity



Less Educated Workers



More Educated Workers

Metro Area Educational Attainment (2002 – Adults 25 and Older)

	No High School	At Least College
■ NOLA*	16%	33%
■ Houston	21%	30%
■ Boston	12%	36%
■ *	= Pre-Katrina	