

Why did Highways Cause Suburbanization?

The Role of Highway Congestion

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Abstract

We provide a theory and evidence that highway construction in metropolitan areas has a causal effect on residents and employment decentralization. We develop a theoretical model that illustrates the effect of highway construction on workers' residence and workplace choices. The analysis of the model indicates that highway construction reduces not only the population, but also employment in the center of metropolitan areas when this area has a large population. To examine the validity of our theoretical model, we use partial identification with data on central cities in the United States from 1950 to 1990. The results imply that our theoretical model is evidenced by all cities of metropolitan areas, though data on populated cities in 1950 do not support previous land use models.

JEL classification R11, R12, R14, R40

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