1 Employment in the Great Recession: How Important were Household Credit Supply Shocks? (job market paper)

I pool data from all large multimarket lenders in the U.S. to estimate how many of the seven million jobs lost in the Great Recession can be explained by reductions in the supply of mortgage credit. I construct a mortgage credit supply instrument at the county level, as the weighted average (by prerecession mortgage market shares) of liquidity-driven lender shocks during the recession. The reduction in mortgage supply explains about 15 percent of the employment decline. The job losses are concentrated in construction and finance.

2 Property Investors and the Housing Boom and Bust

Using new cross-sectional data, this paper argues that property investment – existing homeowners acquiring additional properties – was a central driver of boom-bust dynamics over the recent housing cycle. Measuring investor activity at the county level as the fraction of mortgage originations for non-owner-occupied housing, I find that ‘investor’ counties with high amenity values (warm winters, water fronts) had high investor activity both before the 2000s and in the peak boom years. In counties with high investor shares in 1998-2000, home prices and employment grew faster in 2003-2006 than elsewhere, and crashed harder in 2007-2010. My estimate is that investor activity could explain 30 percent of the total variation in construction and financial employment over 2003-2010.

3 Can Risky Rural-Urban Migration Explain the Flow of Capital from Developing to Advanced Economies?

High savings in emerging economies may have helped fuel the U.S. housing boom. To shed light on why rapidly urbanizing countries such as China have large net foreign asset holdings, I model the saving motives of residents in a country undergoing rapid urbanization characterized by two-way migration, a feature of many developing nations. Migrants move back and forth between rural-urban areas as determined by transition probabilities calibrated to match migration flows and the pace of urbanization in China. Workers accumulate savings in the high-productivity urban sector because of the risk of returning to the low-wage rural sector. As the urban population increases, so do aggregate savings and income.