Urban Economics
Lecture 1

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Introduction

WHAT is Urban Economics?
Introduction

- Economic systems are **dynamic entities**.
- **Changes** that take place in these systems are of considerable importance.
- Economic systems have **several characteristics** (in terms of ownership; economic decisions; motivations; location)
- **Urban economics** represents a framework within which the **spatial character** of economic systems may be understood.

Main Questions of Urban Economics:

**What?**

- What are **cities**?
- What is the difference between a city **as agglomerations of people** and a city **as economic and political unit**?
- What **determines** the growth and size of a city?
Which?

- Which **policies** can modify the shape of a city?
- Which kind of **problems** arise because of rapid urbanization?
  
  (crime, transportation, housing, education and local government corruption)

Why?

- Why do cities **exist**?
- Why do some cities **grow faster** than others? (causes of rapid urbanization)
- Why do some **generate** more **wealth**?
- Why do people **live** in cities?
- Why do **firms** decide to locate in specific locations?
Urban Economy - Definition

- According to "The United Nations Human Settlements Programme (UN–Habitat)", Urban economy is focused on promoting:

  Urban Strategies  Urban Policies

That strengthen the capacity of cities to realize their full potential as drivers of:

- Economic Development
- Economic Wealth
- Employment Creation.

Example, Egypt

- Egyptian cities have grown fast in the past 30 years. This has led to the continuous formation of informal settlements on the periphery of cities.

This rapid urbanization has led to:

- The loss of significant areas of prime agricultural land.
- The migration of the workforce seeking job opportunities.
- A lack of basic urban services has led to environmental degradation.
- Expansion of slums.
Thank you