

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:**

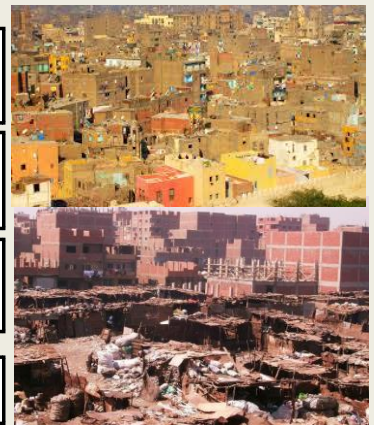
- ➔ Economic **Development**
- ➔ Economic **Wealth**
- ➔ **Employment** Creation.

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