

CP 220: THE URBAN AND REGIONAL ECONOMY

This course provides a rigorous foundation in theories of regional economic development, linked to various techniques of analysis and implementation, and in theories of metropolitan economic structure, focusing on patterns of inequality within regions. A core economics class in City and Regional Planning, it helps planners in a variety of subfields—from transportation to urban design to community development—understand how the regional economy works. It also serves as an essential basis for the housing, community and economic development specialization.

The regional economic development portion of the course will cover the classic single-region and multiple-region theories of development. We start with the definition of region, a short intellectual history of regional planning, and the roles of industrial location and industrial structure in regional development. We next turn to theories and evidence on uneven development and the interregional distribution of economic activity; the differential impact of international trade on regional development; the role of labor in development; debates about the organization of production and the nature of innovation; and the role of social capital in regions.

The next segment of the course focuses on how practitioners have translated these theories into practice. Economic development strategies explored include tax incentives, fiscal strategies, industrial land preservation, and labor market interventions.

The remainder of the course focuses on metropolitan structure, or intraregional theories. We begin by examining the literature on metropolitan structure, in particular the relationship between economic/racial segregation and regional economic growth. We next turn to the growing literature on the relationship between cities and suburbs and the debate over how economic growth and poverty are related. Next, we look briefly at the economics of land and real estate, and their implications for urban growth and decline. The course concludes with a critical assessment of the new regionalism and the politics of metropolitan governance.

This is a lecture/seminar class with heavy reading. The first session of each week will focus on theory, while the second session will engage implementation and practice. All students will be expected to read the required reading ahead of time and join the class discussion. Students are also required to complete a midterm and a final exam or paper.

Instructors

Professor Karen Chapple, chapple@berkeley.edu, OH Wed 2:30-4:30 in Wurster 312A, sign up at www.karenchapple.com

Aksel Olsen, aksel@berkeley.edu, OH by appointment.

Readings:

Three books are available for purchase and are also on reserve at the CED library::

Jacobs, Jane. 1986. *Cities and the Wealth of Nations: Principles of Economic Life*. New York: Vintage Books.

Storper, Michael. 2013. *Keys to the City: How Economics, Institutions, Social Interaction, and Politics Shape Development*. Princeton, NJ: Princeton University Press.

Dreier, Peter, Mollenkopf, John, and Swanstrom, Todd. 2014. *Place Matters: Metropolitcs for the 21st Century*. Lawrence, KS: University Press of Kansas.

Course reader, available at Krishna Copy, 2595 Telegraph (at Parker). Selected articles (noted by *) may be available only online or bCourses.

COURSE REQUIREMENTS

- 1) **Midterm exam:** Students will take a midterm exam, focusing on the class material on regional economic development. The exam will consist of two parts: an in-class exam including definitions and short answers and a take-home essay exam (6-8 pages). The in-class midterm will be held on November 2 with the take-home exam due on November 7.
- 2) **Term paper or regional compendium:** Students may choose **one** of the following two options, all due December 16. You will need to email me with your choice of options by class on October 5. For those selecting the compendium, please specify the region you are considering, as well as any particular issues of interest. For those writing a paper, please send a paragraph describing your proposed topic, research question, and methods.
 - a. The term paper will be a 15-20 page paper (1.5 spaced) on a topic of your choice, related to economic development and/or regionalism.
 - b. The regional compendium is a descriptive analysis of a region of your choice, using quantitative regional economic analysis techniques. To develop the skills for the compendium, we will meet three-four times during the course of the semester, on Wednesday evenings (tentatively scheduled for October 12, October 26, November 9, and November 30). We will cover regional economic composition analysis (using economic data, conducting shift-share analysis, constructing indicators); industry and occupational cluster analysis; and skills and spatial mismatch analysis. The final product will be a 20-30 page report on a regional economy.
- 3) **Case presentation or blog:** All students are expected to present a case or write a 500- to 750-word blog related to a class topic. We will select topics during class on August 31. Blogs will be due 24 hours before class (posted on bCourse), and presentations should also be sent to me 24 hours before class to facilitate coordination.
- 4) **Reading responses:** Students are expected to submit 16 short responses to the readings online on the course bCourse site. Reading responses are required for the first six classes

(August 29-September 21). Thereafter, students may pick any 10 sessions to respond to. Responses should be posted by midnight the day before class (e.g., Sept 1 for Sept 2 class).

5) Class participation: Participants are expected to come to class prepared to discuss the readings and topics under study.

Grading:

Midterm exam:	40%
Term paper/compendium:	30%
16 reading responses	20%
Case presentation/blog:	5%
Class participation:	5%

Note for PhD students: Only the following are required: term paper/compendium, reading responses, and class participation. You will be exempted from the exam and case presentation.

COURSE SCHEDULE

Aug 24 ***Class introduction: Why study urban and regional economies?***

Aug 29 ***Regional growth and divergence***

Jacobs, *Cities and the Wealth of Nations*, Chapters 2-9.

Aug 31 ***Regional economic development and planning***

Storper, *Keys to the City*, Chapter 1 & 2, pp.1-11, 14-31

Malizia, Emil and Feser, Edward. 1999. Chapters 1 and 2. *Understanding Local Economic Development*. New Brunswick, NJ: Center for Urban Policy Research.

Friedmann, John. "The Wealth of Cities: Towards an Assets-based Development of Newly Urbanizing Regions." *Development and Change* 38.6 (2007): 987-998.

Sept 7 ***Location theory***

Alonso, William. 1995. "Location Theory." Ch. 2, pp. 35-63 in J. Friedmann and W. Alonso, eds., *Regional Policy: Readings in Theory and Applications*. Cambridge: MIT Press.

Gottlieb, Paul D. "Residential Amenities, Firm Location and Economic Development." *Urban Studies* 32, no. 9 (1995): 1413-1436.

Sept 12 Agglomeration

Storper, *Keys to the City*, Chapter 3, 33-51

Vernon, Raymond. 1960. "External Economies." Ch. 5, pp. 68-85 in *Metropolis*. New York: Doubleday.

Chinitz, Benjamin. 1961. "Contrasts in Agglomeration: New York and Pittsburgh." *American Economic Review: Papers and Proceedings* 51:279-289.

Krugman, Paul. About the Work. http://krugman.blogs.nytimes.com/2008/10/15/about-the-work/?_r=0 *

Sept 14 Economic base theory

North, Douglas. 1974. "Location Theory and Regional Economic Growth." Ch. 13, pp. 332-347 in J. Friedmann and W. Alonso, eds., *Regional Policy: Readings in Theory and Applications*. Cambridge: MIT Press.

Tiebout, Charles. 1974. "Exports and Regional Economic Growth." Ch. 14, pp. 348-356 in J. Friedmann and W. Alonso, eds., *Regional Policy: Readings in Theory and Applications*. Cambridge: MIT Press. (also North reply and Tiebout rejoinder, pp. 353-357)

Power, Thomas Michael. "The Economic Base: Distracting Vision, Distorting Reality" Ch. 7 *Environmental Protection and Economic Well-Being* (NY: Sharpe, 1996)

Katz, Bruce and Jennifer Bradley. 2013. "A Revolution Unleashed." Chapter 1, pp.1-13 in *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy*. Washington, DC: The Brookings Institution.

Markusen, Ann, and Greg Schrock. "Consumption-driven urban development." *Urban Geography* 30.4 (2009): 344-367.

Sept 19 Economic projections for a region: The case of the Association of Bay Area Governments (Guest speaker, Aksel Olsen)

Sept 21 Clusters (Guest speaker, Dr. Pedro Peterson, *Clusters in Brazil*)

Storper, *Keys to the City*, Chapter 6, 92-103

Porter, Michael E. 1998. "Clusters and the New Economics of Competition." *Harvard Business Review* Nov.-Dec.:77-90.

Motoyama, Yasuyuki. "What was new about the cluster theory? What could it answer and what could it not answer?." *Economic Development Quarterly* 22.4 (2008): 353-363.

Schmitz, Hubert. "Global competition and local cooperation: success and failure in the Sinos Valley, Brazil." *World development* 27.9 (1999): 1627-1650.

Sept 26 Understanding markets

Jacobs, Jane. Chapter 2, 4-6. *The Economy of Cities*. New York, NY: Random House, 1969.

Schoenberger, Erica. *Nature, choice and social power*. Introduction, Chapter 4 "Henry Ford's Car" and Chapter 5 "Sprawl." Routledge, 2014.

Sept 28 Innovation

Storper, *Keys to the City*, Chapter 9 140-155

Schumpeter, Joseph. 1950. "The Process of Creative Destruction." Ch. 7, pp. 81-86 in *Capitalism, Socialism, and Democracy*. New York: Harper and Brothers.

Moretti, Enrico. *The new geography of jobs*. Houghton Mifflin Harcourt, 2012. Chapters 2-4, "Smart Labor," "The Great Divergence," and "Forces of Attraction," pp. 45-153.

Oct 3 Globalization and the NIDL

Frobel, Folker, Jurgen Heinrichs, and Otto Kreye. 1978. "The World Market for Labor and the World Market for Industrial Sites." *Journal of Economic Issues* 12(4):843-858.

Hall, Peter. 1985. "The Geography of the Fifth Kondratieff." Ch. 1, pp. 1-19 in P. Hall and A. Markusen, eds., *Silicon Landscapes*. Boston: Allen and Unwin.

Massey, Doreen. 1979. "In What Sense a Regional Problem?" *Regional Studies* 13:233-243.

Nelson, K. 1986. "Labor demand, labor supply and the suburbanization of low-wage office work." Ch. 14, pp.149-171 in A. J. Scott and M. Storper, eds., *Production, Work, Territory: The Geographical Anatomy of Industrial Capitalism*. Boston: Allen and Unwin.

Oct 5 Introduction to local economic development (José Corona, guest speaker)

Oct 10 Human capital

Storper, *Keys to the City*, Chapter 5, 67-89

Florida, Richard. 2000. "The Economic Geography of Talent." Working Paper. Pittsburgh: Carnegie-Mellon University. <http://www.creativeclass.org/acrobat/AAAG.pdf>

Saxenian, AnnaLee. 2002. "Brain Circulation: How High-Skill Immigration Makes Everyone Better Off." *The Brookings Review* 20(1):28-31.

Oct 12 Institutions and social capital in regions

Saxenian, AnnaLee. 1994. "Lessons From Silicon Valley." *Technology Review* July 42-51.

Saxenian, AnnaLee. 1998. "The Cheshire Cat's Grin: Innovation and Regional Development in England." *Technology Review* Feb./March:67-75.

Ostrom, Elinor. "Design principles in long-enduring irrigation institutions." *Water Resources Research* 29.7 (1993): 1907-1912.

Chapple, Karen and Sergio Montero. "From Learning to Fragile Governance: Regional Economic Development in Rural Peru." *Journal of Rural Studies*.

Oct 17 Understanding economic development: Evaluation

Dewar, Margaret. 1998. "Why State and Local Economic Development Programs Cause So Little Economic Development." *EDQ* 12,1: 68-87.

Persky, Joseph, Daniel Felsenstein, and Virginia Carlson. 2004. "Evaluating the welfare outcomes of local economic development programs: A job chains approach." In L. Reese and D. Fasenfest, eds., *Critical Evaluations of Economic Development Policies*, pp. 130-143.

Bartik, Timothy J. and Bingham, Richard D. 1995. "Can Economic Development Programs Be Evaluated?" Working Paper 95-29. Kalamazoo: W.E. Upjohn Institute for Employment Research. <http://www.upjohninst.org/publications/wp/95-29.pdf> (SKIM) *

Isserman A and Rephann T, 1995, The economic effects of the Appalachian Regional Commission, *Journal of the American Planning Association*, 61 (3):345-364.

Oct 19 Land use and fiscal impacts

Markusen, A. and Nesse, K. 2007. Institutional and political determinants of incentive competition. Pp. 1-42 in Markusen, A., ed., *Reining in the Competition for Capital*. Kalamazoo, MI: W.E.Upjohn Institute for Employment Research.

Crompton, John L. "Economic impact analysis of sports facilities and events: Eleven sources of misapplication." *Journal of sport management* 9, no. 1 (1995): 14-35.

Chapple, Karen. 2014. Chapter 9, "The challenge of mixing uses and the secret sauce of urban industrial land." *Planning Sustainable Cities and Regions: Towards More Equitable Development*. Oxford: Routledge.

Oct 24 Labor markets

Pager, Devah, and David S. Pedulla. 2015. "Race, self-selection, and the job search process." *American Journal of Sociology* 120.4: 1005-1054.

Hanson, Susan and Geraldine Pratt. 1995. "Spatial stories and gendered practices." Chapter 1 in *Gender, Work and Space*. New York: Routledge.

Bates, Timothy. "An analysis of Korean-immigrant-owned small-business start-ups with Comparisons to African-American-and nonminority-owned firms." *Urban Affairs Review* 30.2 (1994): 227-248.

Bartik, Timothy J. 2001. Chapters 1 and 2, "The Case for Labor Demand Policies" and "Labor Supply and Demand Policies: Descriptions, Classifications, Cross-National Comparisons, and History." Pp. 1-32 in *Jobs for the Poor: Can Labor Demand Policies Help?* New York: Russell Sage Foundation.

Chapple, Karen. 2016, forthcoming. "Urban Displacement, the Income Crisis, and Uneven Development." *New Labor Forum*.*

Oct 26 Neighborhood economies

Porter, Michael E. 1995. "New Strategies for Inner-City Economic Development." *EDQ* 11,1 (February).

Teitz, Michael B. 1989. "Neighborhood Economics: Local Communities and Regional Markets." *EDQ* 3,2 (May): 111-22.

Giloth, Robert. 2007. *Investing in equity: Targeted economic development for neighborhoods and cities*. Albany, NY: State University of New York Press.

Chapple, Karen. 2012. "The Evolving Role of Community Economic Development in Planning." *Oxford Handbook of Urban Planning*. New York: Oxford University Press.

Oct 31 Review for midterm exam

Teitz, Michael B. "Regional Development Planning." *Planning Ideas That Matter: Livability, Territoriality, Governance, and Reflective Practice* (2012): 127-152.

Chapple, Karen. 2014. Introduction to Part II, "Growing the regional economy through sustainability." *Planning Sustainable Cities and Regions: Towards More Equitable Development*. Oxford: Routledge.

Pike, Andy, Andrés Rodríguez-Pose, and John Tomaney. "Shifting horizons in local and regional development." *Regional Studies* (2016): 1-12.

Nov 2

In-class part of midterm exam.

Nov 7 Metropolitan spatial structure and inequality

Dreier et al., *Place Matters*, Chapters 1-4.

Lipsitz, George. 2011. Chapter 1, "The White Spatial Imaginary" and Chapter 2, "The Black Spatial Imaginary," in *How Racism Takes Place*. Philadelphia, PA: Temple University Press.

Nov 9 **Regional strategies**

Benner, Chris and Manuel Pastor. 2012. "Inequality and its discontents" and "What does it all mean?" Chapter 1, pp. 1-17, and Chapter 4, pp. 148-171 in *Just Growth: Inclusion and Prosperity in America's Metropolitan Regions*. London: Routledge.

Katz, Bruce and Jennifer Bradley. 2013. "Northeast Ohio: The Post-Hero Economy." Chapter 4, pp.64-87 in *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy*. Washington, DC: The Brookings Institution.

Mitchell, Faith, et al., eds. *Governance and opportunity in metropolitan America*. National Academies Press, 1999. Chapter 4, "Strategies for Reducing Disparities."

Nov 14 **City fiscal strategies** (Guest speaker Dena Belzer, *Strategic Economics*)

Strategic Economics. 2006. *Fiscal Analysis and Land Use Policy: A Case Study of the San Jose Employment Land Conversion Analysis*. Report prepared for the Lincoln Institute of Land Policy. <http://escholarship.org/uc/item/7vg465xr> *

Nov 16 **Understanding land value and zoning**

O'Sullivan, Arthur. *Urban Economics*. Chapter 7 and 11

Dye, Richard F., and Richard W. England. *Assessing the theory and practice of land value taxation*. Lincoln Inst of Land Policy, 2010.
https://www.lincolnst.edu/sites/default/files/pubfiles/assessing-theory-practice-land-value-taxation-full_0.pdf

Glaeser, Edward L., Joseph Gyourko, and Raven Saks. "Why is Manhattan so expensive? Regulation and the rise in housing prices." *Journal of Law and Economics* 48.2 (2005): 331-369.

Nov 21 **Sustainable economic development in China** (Guest speaker Kate Gordon).

Hove, Anders, Enoe, Merisha, and Kate Gordon. 2016. China's Next Opportunity: Sustainable Economic Transition. <http://www.paulsoninstitute.org/wp-content/uploads/2015/12/Paulson-Institute-Chinas-Next-Opportunity-Sustainable-Economic-Transition-October2015.pdf> *

Paulson Institute. The Myths and Realities of China's Urbanization.
<http://www.paulsoninstitute.org/think-tank/2015/08/18/myths-and-realities-of-chinas-urbanization/> *

Osno, Evan. 2013. If China Lives Like America. *The New Yorker*.
<http://www.newyorker.com/news/evan-osnos/if-china-lives-like-america-q-a-with-craig-simons> *

Naughton, Barry. Reform Agenda in Turmoil.

<http://www.hoover.org/sites/default/files/research/docs/clm48bn.pdf> *

Cox, Wendell. 2015. The Evolving Urban Form: Jing-Jin-Ji (Dispersing Beijing).

<http://www.newgeography.com/content/005007-the-evolving-urban-form-jing-jin-ji-dispersing-beijing> *

Nov 28 Real estate cycles and obsolescence

Weber, Rachel. 2016. Chapter 2, "Fast money builds the speculative city," and Chapter 7, "The slow build" in *From Boom to Bubble: How Finance Built the New Chicago*. Chicago, IL: University of Chicago Pres.

Wiechmann, Thorsten, and Karina M. Pallagst. "Urban shrinkage in Germany and the USA: A comparison of transformation patterns and local strategies." *International Journal of Urban and Regional Research* 36.2 (2012): 261-280.

Markusen, Ann. 1988. "Planning for Industrial Decline: Lessons from Steel Communities." *Journal of Planning Education and Research* 7(3):173-184.

Nov 30 The future of regions and regional governance

Dreier et al., *Place Matters*, Chapters 8-10

Brenner, Neil and Nik Theodore. 2002. "Cities and the Geographies of 'Actually Existing Neoliberalism.'" Ch. 1, pp. 2-32 in N. Brenner and N. Theodore, eds., *Spaces of Neoliberalism: Urban Restructuring in North America and Western Europe*. Malden, Massachusetts: Blackwell Publishing Ltd.

Phares, Don. *Governing Metropolitan Regions in the 21st Century*. Armonk, NY: M.E. Sharpe. Prologue, Chapter 4.

Academic Policies

Statement on Academic Integrity

The student community at UC Berkeley has adopted the following Honor Code:

“As a member of the UC Berkeley community, I act with honesty, integrity, and respect for others.”

The expectation is that you will adhere to this code. Unless otherwise instructed, homework assignments are to be completed independently and materials submitted as homework should be the result of one’s own independent work.

Plagiarism: To copy text or ideas from another source without appropriate reference is plagiarism and will result in a failing grade for your assignment and usually further disciplinary action. For additional information on plagiarism and how to avoid it, see, for example:

<http://gsi.berkeley.edu/teachingguide/misconduct/prevent-plag.html>

Policy on Religious Holidays

If you will be observing any religious holidays this semester that will prevent you from attending a regularly scheduled class or interfere with fulfilling any course requirement, notify me within the first two weeks of the semester. Otherwise, any absence due to a religious holiday will be treated as a missed class.

Disability Statement

If you need disability-related accommodations in this class, if you have emergency medical information you wish to share, or if you need special arrangements in case the building must be evacuated, please inform me at the start of the semester, either privately after class or during office hours. Students who need academic accommodations (for example, a note-taker) should request them from the Disabled Students' Program, 260 César Chávez Center, 642-0518 (voice or TTY). DSP is the campus office responsible for verifying disability-related need for academic accommodations, assessing that need, and for planning accommodations in cooperation with students and instructors as needed and consistent with course requirements.