

College of Urban Affairs
Cleveland State University
URBAN SPATIAL STRUCTURE
UST/PDD/PAD 605

Spring Semester 2004

Monday 6:00 PM – 9:50 PM

Instructor: Edward W. Hill

Room: Sweet Seminar Room (UR 241)

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Course Description: This course is an introduction to the way in which market forces allocate the use of space in cities and regions and the economic development of regional economies. It also provides instruction in a few basic techniques of urban spatial economic analysis. The course has three components: lectures, computer-based analytical exercises, and readings. The course is firmly rooted in an introductory knowledge of microeconomics. This course is required of all students in the master's programs in urban studies and planning, design and development. It is also a requirement for concentrators in economic development.

The structure of urban space—land uses—and the way regional economies use that space is fundamentally an economic process of distribution and competition that is directed by both market and politically driven investments. These investments are overlaid on the history of the built and natural environments. The various markets that compose the urban system are all related to the three factors of production: land, labor and capital. In the case of metropolitan areas the fundamental markets are the local labor market, the housing market (this market sits at the intersection of the market for urban land and international capital markets), the market for business locations (or sites), and product markets. In short, this course takes an unabashedly economic view of the world and stresses regional and local economic development. At the same time we realize that not the entire world is economically determined and that community is a social construct that moderates the economic world, and is in itself a major component of social capital.

One powerful expression of spatial community is neighborhood, but we are also associated with aspatial communities—such as professional organizations—and communities that have a spatial component—formal politics or church membership are two good examples. We will spend time thinking about the connection between community and the metropolitan economy.

Most class sessions will consist of three distinct parts. The first will be a lecture on economic development and spatial structure that covers material which is not in any of

the readings. The second portion of the course will cover the reading material. The last portion will be a computer lab.

Prerequisites and Expected Competences: There are no formal prerequisites to the course. It is **highly recommended** that you have successfully completed an introductory microeconomics course before taking this course. A working knowledge of Algebra I is also useful. In addition, it is expected that you have access to, and a working knowledge of, word-processing and spreadsheet computer programs. Students are expected to know how to calculate percentages, percent change, understand the concept of a line—including slope, and be comfortable with the calculation and interpretation of means, medians, modes, standard deviations, and correlation analysis. Grammar, writing style, and presentation count in all written exercises. If you are unsure of your writing abilities, please use the CSU writing center.

Course Objectives: The most important objective of this course is to think in a systematic manner about how land is used and reused in cities and regions and to understand how market forces influence land use and the development of the economy. We are also concerned with the ways in which public policy can interact with market forces to influence spatial development. We also discuss how neighborhoods—the social sites of urban settlements, residential areas, and communities, relate to the productive portions of those same areas. There are a series of secondary objectives for the course: (1) to learn specific theories of land use and economic development, (2) to master economic base analysis and shift and share analysis, (3) be able to interpret input-output models (but not necessarily calculate those same models) and (4) to become familiar with using computerized spreadsheets to analyze problems.

Texts:

The text will be accompanied by a number of articles.

Texts:

William R. Barnes and Larry C. Ledebur. *The New Regional Economics* (Sage, 1998).

John P. Blair and Laura A. Reese (eds.) *Approaches to Economic Development* (Sage, 1999).

Philip McCann. *Urban and Regional Economics* (Oxford University Press, 2001).

WARNING: McCann is at the end of its print run and I think CSU's bookstore swept up the last 40 copies. Many of you order your books on-line. It may be frustrating with this book.

Readings

I have placed readings that are available on the web in the Levin College's intranet. Go to the **N drive**, click on the **Hill folder**, then go into the **UST 605 folder**, and then the **Readings folder**. These readings are designated with a **W** after their listing in the syllabus.

You can fetch items remotely (say from your house or office) from the drive by typing in:

<ftp://urban.csuohio.edu>

click on the **utility** folder, then

click on the **Hill** folder, then

click on **UST 605** folder

then open the readings folder

Lecture notes can be found in the **lecture note** folder. An attempt will be made to post the lecture notes before the class, but the reality is that they will frequently be available the day after the class. This remains an evolving component of the course.

Some material may only be available on electronic course reserve from the library.

Grades, Incompletes, and other Uncomfortable Topics:

Grades are calculated as follows.

Midterm examination: 25 points. It is hoped that the midterm will be held on March 3.

The midterm will be an in-class examination

Final examination: 45 points. The last class is April 29 and the examination is on May 5. 30 points come from the exercises.

At times students do not do well on the midterm examination because the material is new to them. If the student fails the midterm but the final examination is markedly better (resulting in a grade of an A- or better) the weights of the midterm and final will change, where the mid-term will represent 10% of the course grade and the balance will be shifted to the final. By the way, this scheme of shifting weights does not work in reverse (e.g. if you blow the final but did well on the mid-term the final is not discounted).

Economic Development Computer Exercises

1. Data base design and construction including data suppression: 5 points [Central City and County]
2. Labor market and income analysis for a major metropolitan area: 5 points [Metropolitan]
3. Creating index numbers: 5 points [Metropolitan]
4. Location quotient analysis: 5 points [Central City and County]
5. Shift share analysis: 10 points [Central City and County]

Grading includes the presentation of all tables, spelling, and grammar. Things to look out for when building tables:

1. **False specificity and face validity.** The number of decimal points in the table has no meaning. Spreadsheets will provide any number of decimal places but do they have economic content?
2. **Inconsistent format.** Do you use comma format for numbers in the thousands and above? Do different numbers in the same column or numbers that use the same units of measure have different formats?
3. **Is the table easy on the eyes?** Is there enough white space in the table and do line separators make it easier to read the table.
4. **Are data sources clear? Are units of measure clear?**
5. Do you use header to tell the reader what to find in the table (this is the headline)? Is there a heading that tells you what the data are (what you find in a census table).
6. Please look at the *Monthly Labor Review*, <http://www.bls.gov/opub/mlr/mlrhome.htm> for good examples of table construction, especially their data section: <http://www.bls.gov/opub/mlr/curlabst.htm#cls> see the pdf file that is at (or just below) the bottom of your screen. Another great source of table design is the Wall Street Journal. Look at the Journal or get one of their guides (such as to Money Markets and Investing
7. Read the guide to Tufte's work on design that is posted in the reading file (tufte training.doc)

Unless there are both extenuating circumstances and you have received explicit permission to turn in an assignment late, the grade will be reduced by 5% for each class day that the assignment is late. As a rule incompletes are not given. In no case will an incomplete be extended beyond the first class-day of summer semester. In all cases taking an incomplete requires prior permission.

Attendance: Attendance is expected but no roll is taken. Examination material will be drawn from the lectures as well as from the course readings; however, copies of the lecture notes will not be provided. Teaching assistants will not provide tutoring for classes missed. Absences from examinations must be reported in advance. As a rule make-up examinations will not be scheduled.

A supplemental packet of material will be distributed that accompanies the computer exercises.

Readings

* readings are optional

1. The connection between regions, cities, and the economy

Reading:

Jacobs, Jane. Introduction, *Death and Life of Great American Cities* (Vintage Books edition, 1992) pp. 3-25.

Anthony Downs How America's Cities Are Growing? The Big Picture, *The Brookings Review* (Fall, 1998). **W**

Hill, Edward W. and John F. Brennan, Where Are the Jobs? Cities, suburbs, and the competition for employment, (November, 1999) Survey Series. **W**
<http://www.brookings.edu/es/urban/hillexsum.htm>

Raines, Franklin D. Playing from strength: The market power of cities, **Brookings Review** Summer 2000: 16-19. **W**

Lang, Robert E. Office sprawl: The evolving geography of business, Brookings Institution, Center on Urban and Metropolitan Policy, Survey Series (October 2000) **W**

* Jane Jacobs, Cities First Redevelopment Letter (Chapter 1), *The Economy of Cities* (Vintage Books, 1970)

* Jane Jacobs, *Cities and the Wealth of Nations* (Vintage, 1985)

Lab: selecting Metropolitan Areas

2. Regions and the Real Economy

Reading:

Barnes and Ledebur, Chapters 1-4 and 6

Lab: Structure of the NAICS codes, suppressed data, and structure of the database

3. The Fundamentals of Economic Development and Urban Forum

Reading Discussion:

Bartik, The market failure approach to regional economic development policy, Ch 2 in Blair and Reese.

Hill, Edward W. and Jeremy Nowak, Cities that have forgotten their regional economies Policies to uncover the competitive advantages of America's distressed cities, Cantigny Conference on Creating Competitive Central Cites, Brookings Institution, April 7, 2000. Revised May 14, 2000 **W**

Glaeser, Edward L. Demand for Density? The Functions of the City in the 21st Century, **Brookings Review** Summer 2000: 12-15. **W**

Lab: Labor Market and Income Analysis

4. The Location of the Firm, Fragments, and Urban Spatial Structure

McCann Chapter 1 Industry Location: The Location of the Firm

Chapter 2 The Spatial Distribution of Activities

Kasarda, John, City jobs and residents on a collision course: The Urban Underclass Dilemma, Ch 3 Blair and Reese

5. Demand Side (Economic Base) Approaches to Economic Development

McCann Chapter 4 Regional Specialization, Trade and Multiplier Analysis

Stuart Rosenfeld, *Just Clusters*, RTS **W**

6. Supply Side Approaches to Regional Development

Readings

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

Doeringer, Peter and David Terkla. Business strategy and cross industry clusters, Ch 8 Blair and Reese

* Thompson, Wilbur Policy-based Analysis for Local Economic Development, Ch 1, Blair and Reese.

7. Disequilibria Approaches to Endogenous Development

Hill Lecture: Thinking about Economic Evolution: Product Cycles, Schumpeter, Fragments of the Firm and the Cross Hairs of Targeting, Exit Voice and Loyalty, and the Sclerotic Forces of Distributive Coalitions.

Schumpeter, Joseph, "Creative Destruction" *Capitalism, Socialism and Democracy*. New York: Harper, 1975) [orig. pub. 1942], pp. 82-85 **W**

Ann Markusen, 1985, *Profit Cycles, Oligopoly and Regional Development* (Cambridge, MA.: MIT Press)

Chapter 3. The profit cycle model

Chapter 4. The spatial manifestations of the profit cycle

8. Trade

Trade Theory from the *Economist* January 29, 1996 **W**

Collection of articles from the *Wall Street Journal* on "offshoring." **W**

Kristof, Nicholas (January 14, 2004) "Inviting all Democrats," *New York Times* **W**

Malizia, Emil and Edward Fesser, *Understanding Local Economic Development* (Center for Urban Policy Research Press, second edition, 2001). Chapter 7, Trade theory

9. The Housing Market

McCann Chapter 3 The Spatial Structure of the Urban Economy

Blair, John Chapter 11: Housing and neighborhood development (Sage)

Galster, George and Jerome Rothenberg, "Filtering in urban housing: A graphical analysis of a quality-segmented market, **Journal of Planning Education and Research** 1991: 37-50.

Hughes, Mark Alan, Turning dirt into dollars, **Brookings Review**, Summer, 2000: 36-39. **W**

10. Community Development

Smith, Janet. Transforming knowledge about the dynamics of neighborhood change into strategies. **W**

Michael Teitz. Neighborhood economics: Local communities and regional markets. **Economic Development Quarterly** 3(2) May, 1989, pp. 111-122.

Porter, Michael. New strategies for inner-city economic development,. Ch 4 Blair and Reese.

Edward W. Hill and Thomas Bier. Economic restructuring: Earnings, occupations, and housing values in Cleveland. Ch 10, Blair and Reese

Nowak, Jeremy. Neighborhood initiative and regional economy. Ch 11, Blair and Reese

* 11. Recommended Histories

Haider, D. (1986) Economic development: Changing practices in a changing US economy, **Government and Policy**, Environment and Policy C 4:451-469.

Isserman, A. (1994). State economic development policy and practice in the United States: A survey article. International Regional Science Review, 16(1&2), 49-100.