



Economics 146: Urban Economics

By Dr. Mason Gaffney

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READINGS

INSTABILITY IN URBAN EXPANSION

May 13 - 27

David Ricardo, PRINCIPLES OF POLITICAL ECONOMY & TAXATION, selections from Chap. 1.

This will serve as our theoretical framework, to explain the stresses and hazards involved in converting a large share of the capital stock from circulating to fixed form. It is even worse than Ricardo says when much of the fixed capital is badly misinvested and in effect just lost.

Philip Cornick, PREMATURE SUBDIVISION AND ITS CONSEQUENCES, Chap. 1. Draws parallels between excesses of canal boom era in New York, and those of the 1920s. (The New York thru-way system, 1950-70, may have done it again.)

Homer Hoyt, 100 YEARS OF LAND VALUES IN CHICAGO, Chap. 2, The Canal Land Boom. In some ways this is the best book ever written on economic history, so study it closely. Canal fever was not limited to the big eastern cities. It was stronger in many ways in the boonies, which saw their chance to go big league. Locate the Illinois and Michigan Canal on your map
"The Canal Era."

Marion Clawson, "Urban Sprawl and Speculation in Suburban Lands" A good resume of conventional wisdom. Color this optional.

Mason Gaffney, "Urban Expansion, Will it Ever Stop?" pp. 512 to the end. This writer wrote a premature end to the boom; or at least he turned a little bust into a big one. -- let's make that a little crash into a big one. Modern writers John English and Gray Cardiff have made a bundle off this same theme in 1979, THE COMING REAL ESTATE CRASH, complete with advice on How You Can Profit from It! Gaffney was less ghoulish and left that part out, hence he did not profit from it. But English and Cardiff did have good timing, it now seems.

Homer Vanderblue (these Dutch names keep surfacing), "The Florida Land Boom." Note especially his data on banking and the regional balance of payments.

Frederick Lewis Allen, ONLY YESTERDAY, "Home, Sweet Florida." A popular (and cynical) treatment of the same topic.

Herbert D. Simpson, "Real Estate Speculation and the Depression".

Ernest M. Fisher, "Speculation in Suburban Lands."

SYLLABUS, Economics 146, Urban Economics
Mason Gaffney, Winter 1999

Most of the readings are for sale at Printing and Reprographics, in bound volumes. They are in the order listed here. A few are on reserve; these are marked "RBR".

There are many more recommended readings, which are optional. They are on a separate list, to be distributed separately.

There are ten major topics, with appropriate readings.

General

- A. How to write better exams
- B. Marginal notations used in grading papers
- C. Sample questions from previous examinations

1. Urban measurements and dimensions: population, density, areas, land uses, land values, land fraction of real estate value.

A. Visual

Text on aerial photos of cities, to accompany slide show

B. Population and its shifts (N.B.: The items in 1,B were distributed in class.)

Notes, U.S. cities: population, area, and density

Top U.S. cities, ranked by 1900 population.

Notes, "Central cities whose rank is greatly lowered by fragmentation of their metropolises."

Notes, "Recent population growth of states."

C. Urban land: measures, uses, areas

M.G., "Urban Expansion", Part I, pp. 503-12

Notes, Some useful measures of length and area for urban land

Notes, Land reserved for parking, golf, and the dead

D. Population densities (N.B.: The two items below were distributed in class.)

Notes, Population, top 25 U.S. cities, 1900-84, ranked by 1984 population; by land area; by density. Changes in ranking, 1900-84.

Notes, Population, top 24 U.S. cities, 1900-84, ranked by 1984 popn. Includes Metro Rank, 1985, and Annual % Growth Rate, 1900-50 and 1950-84.

E. Rents, Land Values, and their patterns

"Turn again, Dick Whittington." Map of London rents.

(Extensive data on rents and land prices and their spatial distribution are in the optional readings. These are mostly from southern California, but with comparative data from elsewhere.)

2. Functions of Cities: location factors, synergy, and specialization

M.G., "The Synergistic City."

Part 3, The elements of increasing returns, pp. 37-41

M.G., "Counter-colonial Land Policy for Montana."

Here we learn to appreciate synergy by studying its absence.

Larry Green, "Small towns endangered."

Here we learn to appreciate synergy by studying its loss: the case of Verdigre, Nebraska, a town that is withering away.

M.G., "Economic aspects of water resource policy," pp. 131-36.

How "total community" in farming fosters farm towns.

Notes, "Urban synergy and Silicon Valley."

"The City." Abridged by H. Pollard from H. George, cited more fully below.

W.B. Shore, 1993. "Recentralization: The Single Answer to More Than a Dozen U.S. Problems and the Only Answer to Poverty." (Shore is with The Regional Plan Association, New York.)

3. How the Urban Land Market Works

A. The ideal: "Ground rent as the sorter and arranger"

Richard Hurd, PRINCIPLES OF CITY LAND VALUES. Selections from a "classic" (a work so good it hasn't been improved upon since it was produced 97 years ago).

"M.G., The Synergistic City."

Part 1, Introduction, p.36

Part 2, The urban promise and the land market, pp. 41-

44

Wm. Alonso, LOCATION AND LAND USE

Chap. 1, "The Economics of Urban Land," pp. 1-17. A readable survey of the evolution of urban location theory.

R. Turvey, ECONOMICS OF REAL PROPERTY.

Chap. 4, "The pattern of urban property values."

R.T. Ely and G. Wehrwein, LAND ECONOMICS,

Chap. XIII, "Urbanization and Urban Land," pp. 415-33.

pp. 56-57, 126-30. Valuable data on urban land economics.

P.128, on "Economic height of an office building," is a classic of its kind, not equalled since to my knowledge.

B. Obstacles to the ideal: potholes on the pathway to paradise

M.G., "The Synergistic City"

Part 4, Killers of the Dream: Parasites in Paradise, pp. 44-61

M.G., "How to revive a dying city."

For this assignment, focus on what makes cities die; later, Week 10, we'll focus on how to revive them.

James Risen, "An urban desert in the motor city."

The desertion of Detroit: an omen for L.A.?

Phillip Longman, "The mortgaged generation: why the young can't afford a house."

4. Internal Circulation of Cities, Sprawl and Disintegration

M.G., "Containment Policies for Urban Sprawl"

Robert Piper, "Growth Management."

H. Schechter, "Cost-push of Urban Growth"

E.M. Hoover, "Motor Metropolis"

M.G., "Economic aspects of water resource policy," pp. 142-44

M.G., "L.A. Sprawl: how did we get this way?" (Like most distinctive phenomena, L.A. sprawl is the product of several factors working together; some are generic, and some are peculiar to L.A.)

5. Land Use Regulation and Control

M.G., "Tax Reform to Release Land," pp. 115-29 only.

J.H. Denton, "The British New Towns."

How paternalism, dirigisme, and good intentions destroyed synergy and created dullsvilles.

6. Economic Base Of Cities

M.G., "Economic aspects of water resource policy," pp. 131-36 (reprise)

Adam Smith, WEALTH OF NATIONS,

Book III, Chap. IV, How the Commerce of the Towns Contributed to the Improvement of the Country

It's mutual. This is the secret of synergy that one-sided absolutists block out of their minds, as they focus either on how cities depend on farming, or how farming depends on the growth of cities.

Trudy Wischemann, "The role of land tenure in regional development: Arvin and Dinuba revisited."

Deals with southern San Joaquin Valley. Shows how close farmland settlement led growth of farm towns, and these led r.r. route selection, rather than rail barons' dominating urban growth (not that they were plaster saints).

Jane Jacobs, The Economy of Cities,

Chap. 5, "Explosive city growth."

Jacobs puts the spotlight on import-substitution, rather than the conventional focus on export industries. A much-needed re-orientation of conventional thought, but beware: like many creative thinkers, she gets carried away with the merits of her idea, and promotes it with subjective zeal. She also sees the world through somewhat doctrinaire Libertarian glasses that screen out contrary evidence. We will see that not all explosive urban booms are so healthy as she makes out.

7. External Circulation

This week, to save money, there is only one required reading in your packet.

M.G., "A Cycle of Boom and Bust: the U.S.A., 1820-40."

These notes extract and summarize basic points from Goodrich's rather rambling history (see optional readings).

Materials from Goodrich (in optional readings) will be covered in lectures, and will be on examinations. There are not enough copies on reserve, so not everyone can read each one (they are long). Exams will be based on lectures, plus the assigned reading.

8. Urban Dynamics: Retarded Renewal, Coupled with Subsidized Growth and Expansion

Deals with development of internal circulation, synchronized with dynamics of external circulation.

H. Hoyt, 100 YEARS OF LAND VALUES IN CHICAGO.
Chap. 2, "The Canal Boom"

Notes, "A Cycle of Boom and Bust: Chicago, 1830-40."

An attempt to make sense of and give some order to what Hoyt relates, in chapter cited above.

P. Cornick, PREMATURE SUBDIVISION AND ITS CONSEQUENCES.
Chap. 1, "Early subdivision booms."

A New York State perspective on the cycle: New York City (The Big Apple), Buffalo (home of the Bills), and the Mohawk Valley (route of The Erie Canal).

F. L. Allen, "Home, Sweet Florida." A satire, in the tradition of Charles Dickens (Martin Chuzzlewit), Mark Twain (The Gilded Age), and other literate observers of greed leading to folly in American land booms. Focuses on Florida, 1923-26, where the whole cyclical tragicomedy was replayed in its most extreme, caricatured form.

M.G., "Urban Expansion: Will it Ever Stop?", Part II, pp. 512-23.

9. Urban Dynamics and Financial Instability

H. Vanderblue, "The Florida Land Boom" (article published in two parts).

A more sober, scholarly approach than that of F.L. Allen, but with enough color added to be readable. Gets into the banking aspect; helps you understand today's banking meltdown in boom/bust fringe economies around the world.

H.D. Simpson, "Real Estate Speculation and the Depression", 1933.

M.G., "WRFLOV," where marked, pp. 93-95

10. Urban Land and Public Finance

M.G., "Land Planning and the Property Tax"

M.G., "WRFLOV," where marked,
 pp. 92 (property tax as a positive goad to development),
 p. 95 (the capitalization formula),
 96-97 (rising discrimination against residences),
 104 (underassessment of ripening land; amenity values; TDRs in Montgomery County);
 Most important, pp. 105 with 108-09, on the tempering role of the property tax in land booms.

E. Cannan, "The proposed relief of buildings from local rates"

An early version of Hardin's "Lifeboat theorem," applied to local taxation: a real poser for tax reformers.

Colin Clark, "Land Taxation: Lessons from International Experience" Excerpt.

A simple solution to Cannan's poser, in one paragraph or less.

M.G., "Harnessing the profit motive to make confederation work better."

A development of C. Clark's idea, for a Canadian audience.

M.G., "Adequacy of land as a tax base,"
 pp. 192-95 (excess burden of building taxes),
 198-203 (screening out marginal capital),
 211-12 (effect of interest rates on tax capitalization).

M.G., "How to revive a dying city"

Reprise from Week 2: there is a lot in here about tax policy.

hd = hand disk
ho = home office
uo = univ. office

1

List of Readings for Ecs. 146, W99

- hd Text on aerial photos of cities, to accompany slide show
- hd M.G., Notes, U.S. cities: population, area, and density
- hd Top U.S. cities, ranked by 1900 population.
- hd Notes, "Central cities whose rank is greatly lowered by fragmentation of their metropolises."
- hd Notes, "Recent population growth of states."
- uo M.G., "Urban Expansion", Part I, pp. 503-12
- hd Notes, Some useful measures of length and area for urban land
- hd Notes, Land reserved for parking, golf, and the dead
- uo * Evelyn De Wolfe, "A systematic land survey won the west," L.A. Times, 19 May 85, followed by hand-drawn map of "Relation of road grid to Range Lines and Township Lines S.W. from San Bernardino Basing Point."
- hd M.G., Notes, Population, top 25 U.S. cities, 1900-84, ranked by 1984 population; by land area; by density. Changes in ranking, 1900-84.
- hd Notes, Population, top 24 U.S. cities, 1900-84, ranked by 1984 popn. Includes Metro Rank, 1985, and Annual % Growth Rate, 1900-50 and 1950-84.
- hd * M.G., Notes, "Per capita urban land consumption, Florida and comparison states."
- hd * M.G., Notes, "Population density, Milwaukee County, by Municipality." Data and what it tells us.
- uo "Turn again, Dick Whittington." Map of London rents from The Economist
- hd Notes, "Land prices in southern California," ranked data, groups 1-5; also, "Floor space rentals in southern California," groups 1-2.
- uo * Rose and La Croix, "Urban land price: the extraordinary case of Honolulu, HI." Pp. 301, 307.
- uo M.G., "The Synergistic City."
Part 3, The elements of increasing returns, pp. 37-41
- uo M. Gaffney, "Counter-colonial Land Policy for Montana."

U0 Larry Green, "Small towns endangered." Case of Verdigre, NE

U0 M. Gaffney, "Economic aspects of water resource policy," pp. 131-36.

hd M.G., Notes, "Urban synergy and Silicon Valley."

U0 "The City." Abridged by H. Pollard - have Harry bring

My file W.B. Shore, 1993. "Recentralization: The Single Answer to More Than a Dozen U.S. Problems and the Only Answer to Poverty."

* IN MAIN LIBRARY H. George, "The Effect of Increasing Population on the Distribution of Wealth." From Progress and Poverty, pp. 228-41.

* H. George, The Science of Political Economy
"Cooperation: Its Two Kinds"

* IN MAIN LIBRARY. Adam Smith, Wealth of Nations.
Book I, Chap. III, The division of labor is limited by the extent of the market.
Anticipates both George and Simon.

* B. Chinitz (ed.), CITY AND SUBURB.
"Introduction", pp. 3-29 only; (the rest is thin).

* John Tepper Marlin, "The best places in the U.S."
For a job, for entrepreneurs, for retirement, for college students, for finding a mate, for diversity.

* RBR Hans Kurath, "Linguistic regionalism."
Shows dominance of urban culture over surrounding hinterlands, by study of speech patterns.

* Stephen Leacock, "The retroactive existence of Mr. Juggins"

* M. Gaffney, Notes, City neighborhoods and districts, from Holy Hill to The Tenderloin

U0 Richard Hurd, PRINCIPLES OF CITY LAND VALUES. Selections.

U0 "M.G., The Synergistic City."
Part 1, Introduction, p.36
Part 2, The urban promise and the land market, pp. 41-44

U0 Wm. Alonso, LOCATION AND LAND USE
Chap. 1, "The Economics of Urban Land," pp. 1-17. A readable survey of the evolution of urban location theory.

u0 R. Turvey, ECONOMICS OF REAL PROPERTY.

Chap. 4, "The pattern of urban property values."

* A. Marshall, PRINCIPLES OF ECONOMICS , 8th Ed.

Chap. XI, "Marginal Costs in Relation to Urban Values",
pp. 440-54 (esp. pp. 447-49)
pp. 165-66;
pp. 318-22 (on increasing returns)

* M. Gaffney, "The land market as an instrument of land management." Short and easy.

* Wm. Alonso, LOCATION AND LAND USE

*Chap 3, "Agricultural rent functions and bid price curves of the urban firm," pp. 36-49, (esp. pp. 46-49). (This is extremely insightful, adding an important dimension to urban theory. It is a little too heavy to make mandatory in a 10-week course, but I recommend it highly for optional study. Some of you who intend to submit term papers might want to report on it.)

* R.T. Ely and G. Wehrwein, LAND ECONOMICS,

Chap. XIII, "Urbanization and Urban Land," pp. 415-33.
pp. 56-57, 126-30. Valuable data on urban land economics.

P.128, on "Economic height of an office building," is a classic of its kind, not equalled since to my knowledge.

u0 M. Gaffney, "The Synergistic City"

Part 4, Killers of the Dream: Parasites in Paradise,
pp. 44-61

h0 M. Gaffney, "How to revive a dying city."

u0 James Risen, "An urban desert in the motor city."

The desertion of Detroit: an omen for L.A.?

u0 Phillip Longman, "The mortgaged generation: why the young can't afford a house."

* Wm. Bradford, History of Plimoth Plantation, excerpt.

The problem of urban sprawl was keenly felt in early 17th Century Massachusetts, land of the pilgrims' pride. Only the technology has changed; the institutional bases of sprawl go 'way back.

* T. Veblen, ABSENTEE OWNERSHIP, 1923, pp. 134-41 only.

How rural sprawl anticipated urban sprawl, and had the same cause.

* Walter Shapiro, "Case of the missing middle class"

Alienation in The Big Apple

* M.R. Wolfe, LOCATIONAL FACTORS: SUBURBAN LAND DEVELOPMENT.
Appendix E-2, "Land Ownerships and Assembly Patterns"
Data on concentration of landholdings around Seattle.

* David Ferrell, "Life in the underbelly of L.A."
The ugly side of one of the nation's greatest storage
and distribution centers. Concentrations of movable wealth
attract pillagers. Urban alienation and class war at their
starkest.

hd * M. Gaffney, Notes, "Who owns Southern California?"

hd * M. Gaffney, Notes, "Concentrated ownership, urban land, misc."

UO * R. Joseph Monsen, "Who owns the city?"

* M. Gaffney, "Adequacy of land as a tax base,"
"Failure to pierce the corporate veil." Pp. 159-79,
and 208-11 (fragments on the extent of corporate landholdings).

* M. Gaffney, "The Property Tax is a Progressive Tax," pp. 408-
18, as marked, commenting on and summarizing material from item
above.

UO * Der Spiegel, "Banning cars from cities."

UO * TIME Magazine, "Gridlock."

* RBR R.T. Ely, "Land Speculation."

* Lutz and Lutz, Theory of Investment of the Firm, selection on
replacement under progressive obsolescence.

UO * Frederick Aschman, "Dead land."

UO * Wilbur Thompson, "The city as a distorted price system"

UO * RBR Wm. Vickrey, "Pricing in urban and suburban transport,"
Proceedings of the AEA, ca. 1964, pp. 452-65.

? * M. Gaffney, Notes, "Inefficiency of the Land Market" (ILM) ?

UO * M. Gaffney, "Credit rationing and the land market." Excerpt
from "Land Reform through Tax Reform."

UO M. Gaffney, "Containment Policies for Urban Sprawl"

UO Robert Piper, "Growth Management."

UO H. Schechter, "Cost-push of Urban Growth"

UO E.M. Hoover, "Motor Metropolis"

hd-uo M. Gaffney, "Economic aspects of water resource policy," pp. 142-44

hd M. Gaffney, "L.A. Sprawl: how did we get this way?" Short.

uo * M. Clawson, "Urban Sprawl and Speculation in Suburban Land"

uo * R.M. Haig, "Toward an understanding of the metropolis."

uo * H. Berkman, "Decentralization and Blighted Vacant Land"

hd * M. Gaffney, Notes, "Some economics of land division and density."

uo M. Gaffney, "Tax Reform to Release Land," pp. 115-29 only.

uo J.H. Denton, "The British New Towns."

* RBR Dufour et al. v. Montgomery County Council, opinion and order by Judge John F. McAuliffe, 1983.

* Jack Knetsch and Hym K. Cheung, "The economic value of parks."

hd-uo * M. Gaffney, "Changes in land policy: how fundamental are they?"

M. Gaffney, "Economic aspects of water resource policy," pp. 131-36 (reprise)

uo Adam Smith, WEALTH OF NATIONS,
Book III, Chap. IV, How the Commerce of the Towns
Contributed to the Improvement of the Country

uo Trudy Wischemann, "The role of land tenure in regional
development: Arvin and Dinuba revisited."

uo Jane Jacobs, The Economy of Cities,
Chap. 5, "Explosive city growth."

* William Truehart, "Land as a share of taxable property, L.A.
County."

uo * I. Morrissett, "The Economic Structure of American Cities."

* RBR Walter Goldschmidt, As you sow, excerpt

hd M.G., "A Cycle of Boom and Bust: the U.S.A., 1820-40."

uo * RBR C. Goodrich, GOVERNMENT PROMOTION OF CANALS AND RAILWAYS
Chap.3, "The Appalachian Competition"
Chap.4, "From Boston to Mobile"

* RBR P. Mantoux, THE INDUSTRIAL REVOLUTION OF THE 18TH CENTURY
 Pp. 49-56, dispersion of the old woollen industry.
 Pp. 56-62, independent small weavers, the domestic or putting-out system
 Pp. 89-90, merchants organize industry
 Pp. 93-139, cities thrust out their trade routes;
 commercial revolution precedes and lays groundwork for industrial revolution.

* RBR G.R. Taylor, THE TRANSPORTATION REVOLUTION. Excerpts.

u0 H. Hoyt, 100 YEARS OF LAND VALUES IN CHICAGO.
 Chap. 2, "The Canal Boom"

hd M. Gaffney, Notes, "A Cycle of Boom and Bust: Chicago, 1830-40."

u0 P. Cornick, PREMATURE SUBDIVISION AND ITS CONSEQUENCES. Chap.
 1, "Early subdivision booms."

u0 F. L. Allen, "Home, Sweet Florida."

hd-u0 M. Gaffney, "Urban Expansion: Will it Ever Stop?", Part II, pp.
 512-23.

u0 * J. English and G. Cardiff, THE COMING REAL ESTATE CRASH, 1979.
 Pp. 13-47. Rehashes, in popular, opportunistic form,
 other works assigned herein, covering Chicago, California,
 Florida, and the stock market.

u0 * Alexander Field,

* Carey McWilliams, Southern California: an Island on the Land.
 Chap. VII, "Years of the Boom"
 pp. 242-48 on the Julian fiasco.
 Cuts close to home.

u0 * K. Bishop, "San Francisco feels the fall of Olympia and York."

u0 H. Vanderblue, "The Florida Land Boom" (article published in two parts).

u0 H.D. Simpson, "Real Estate Speculation and the Depression", 1933.

M. Gaffney, "WRFLOV," where marked, pp. 93-95

u0 * E.M. Fisher, "Speculation in suburban lands."

u0 * Ed Van Herik, "L.A. home market battling back."

hd-u0 M. Gaffney, "Land Planning and the Property Tax"

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pp. 92 (property tax as a positive goad to development),
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ho?, M. Gaffney, "Harnessing the profit motive to make confederation work better."

M. Gaffney, "Adequacy of land as a tax base,"
 pp. 192-95 (excess burden of building taxes),
 198-203 (screening out marginal capital),
 211-12 (effect of interest rates on tax capitalization).

hd-uo M. Gaffney, "How to revive a dying city"
 Reprise from Week 2: there is a lot in here about tax policy.

u0 * RBR A. Marshall, PRINCIPLES OF ECONOMICS
 Appendix G, "The incidence of local rates."
 (A viewpoint similar to Cannan's.)

* Jerry Cheslow, "Impact fees re-examined in California."
 The problems suffered now from having treated one-shot payments as permanent revenues, in the recent past.

* M. Gaffney, "Credit rationing and the land market." Excerpt from "Land Reform through Tax Reform." Reprise.

* David Weintraub, "State may change policy on farms in urban areas."

* Mitchell Zuckoff, "Maryland enterprise zone test."

* J.H. Denton, "Urban Decay and Depreciation for Tax Purposes."

* M. Gaffney, "Notes on Johannesburg and Cape Town, 1992."

* Gurney Breckenfeld, "Higher taxes that promote growth." From FORTUNE Magazine.

* RBR Lauchlin Currie, "Taming the metropolis"

- * M. Gaffney, "Tax Reform to Release Land", sections on taxation
- * M. Gaffney, "The Taxable Capacity of Land."
- * M. Gaffney, "Property Taxation and the Frequency of Urban Renewal."
- * J.H. Denton, "The Land Speculators."

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Mason Gaffney, Winter 2000

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"Turn again, Dick Whittington." Map of London rents from The Economist

2. Jan. 19-21. Functions of Cities: location factors, synergy, and specialization

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M.G., Notes, "Urban synergy and Silicon Valley."

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3. Jan. 24-28 How the Urban Land Market Works

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"M.G., The Synergistic City."

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R. Turvey, ECONOMICS OF REAL PROPERTY.

Chap. 4, "The pattern of urban property values."

B. Obstacles to the ideal: potholes on the pathway to paradise

M. Gaffney, "The Synergistic City"

Part 4, Killers of the Dream: Parasites in Paradise, pp. 44-61

M. Gaffney, "How to revive a dying city."

For this assignment, focus on what makes cities die; later, Week 10, we'll focus on how to revive them.

James Risen, "An urban desert in the motor city."

The desertion of Detroit: an omen for L.A.?

Phillip Longman, "The mortgaged generation: why the young can't afford a house."

4. Jan. 31-Feb. 4 Internal Circulation of Cities, Sprawl and Disintegration

M. Gaffney, "Containment Policies for Urban Sprawl"

Robert Piper, "Growth Management."

H. Schechter, "Cost-push of Urban Growth"

E.M. Hoover, "Motor Metropolis"

M. Gaffney, "Economic aspects of water resource policy," pp. 142-44

M. Gaffney, "L.A. Sprawl: how did we get this way?" Short.

5. Feb. 7-11 Land Use Regulation and Control

M. Gaffney, "Tax Reform to Release Land," pp. 115-29 only.

J.H. Denton, "The British New Towns."
How paternalism, dirigisme, and good intentions
destroyed synergy and created dullsvilles.

MONDAY, FEB. 14: MIDTERM

6. Feb. 16-18 Economic Base Of Cities

M. Gaffney, "Economic aspects of water resource policy," pp.
131-36 (reprise)

Adam Smith, WEALTH OF NATIONS,
Book III, Chap. IV, How the Commerce of the Towns
Contributed to the Improvement of the Country

It's mutual. This is the secret of synergy that one-
sided absolutists block out of their minds, as they focus either
on how cities depend on farming, or how farming depends on the
growth of cities.

Trudy Wischemann, "The role of land tenure in regional
development: Arvin and Dinuba revisited."

Deals with southern San Joaquin Valley. Shows how
close farmland settlement led growth of farm towns, and these led
r.r. route selection, rather than rail barons' dominating urban
growth (not that they were plaster saints).

Jane Jacobs, The Economy of Cities,
Chap. 5, "Explosive city growth."
Jacobs puts the spotlight on import-substitution,
rather than the conventional focus on export industries. A much-
needed re-orientation of conventional thought. Caution: she sees
it all through rose-colored Libertarian glasses. We will see
soon that not all explosive urban booms are so healthy as she
makes out.

7. Feb. 23-25 External Circulation

This week, to save money, there is only one required reading
in your packet.

M.G., "A Cycle of Boom and Bust: the U.S.A., 1820-40."

These notes extract and summarize basic points from Goodrich's rather rambling history (see below).

Materials from Goodrich, below, will be covered in lectures, and will be on examinations. There are not enough copies on reserve, so not everyone can read each one (they are long). Exams will be based on lectures, plus the assigned reading.

8. Feb. 28-March 3 Urban Dynamics: Retarded Renewal, Coupled with Subsidized Growth and Expansion

Deals with development of internal circulation, synchronized with dynamics of external circulation.

H. Hoyt, 100 YEARS OF LAND VALUES IN CHICAGO.
Chap. 2, "The Canal Boom"

M. Gaffney, Notes, "A Cycle of Boom and Bust: Chicago, 1830-40."

An attempt to make sense of what Hoyt relates, in chapter cited above.

P. Cornick, PREMATURE SUBDIVISION AND ITS CONSEQUENCES.
Chap. 1, "Early subdivision booms."

A New York State perspective on the cycle: New York City (The Big Apple), Buffalo (home of the Bills), and the Mohawk Valley (route of The Erie Canal).

F. L. Allen, "Home, Sweet Florida." A satire, in the tradition of Charles Dickens (Martin Chuzzlewit), Mark Twain (The Gilded Age), and other literate observers of greed leading to folly in American land booms. Focuses on Florida, 1923-26, where the whole cyclical tragicomedy was replayed in its most extreme, caricatured form.

M. Gaffney, "Urban Expansion: Will it Ever Stop?", Part II, pp. 512-23.

9. March 6-10 Urban Dynamics and Financial Instability

H. Vanderblue, "The Florida Land Boom" (article published in two parts).

A more sober, scholarly approach than that of F.L. Allen, but with enough color added to be readable. Gets into the banking aspect; helps you understand today's banking meltdown in boom/bust fringe economies around the world.

H.D. Simpson, "Real Estate Speculation and the Depression", 1933.

M. Gaffney, "WRFLOV," where marked, pp. 93-95

10. March 13-17 Urban Land and Public Finance

M. Gaffney, "Property Taxes and the Frequency of Urban Renewal."

M. Gaffney, "Land Planning and the Property Tax"

M. Gaffney, "How to revive a dying city"
Reprise from Week 3: there is a lot in here about tax policy.

Syllabus, Econ. 146, Urban Economics, Spring 2008

Professor Mason Gaffney

Prerequisite: Economics 102A, Micro-economic Theory, plus its prereqs (see Catalog). Also helpful are background courses in History, Political Science, Geography, and Statistics, although these are not required. (I am often surprised by how little some students know about these basic subjects.) I assume a working knowledge of useful math, but do not assign readings that flaunt a lot of unnecessary math.

Class meets in Sproul 2340

Class meets MWF, 3:10 - 4 PM

First day of class: Monday, March 31, 2008

Holiday: Memorial Day, Monday, May 26, 2008

Last day of class: Friday, June 6, 2007

MTM date: Friday, May 9, 2008

Final date and hour: to be announced

Be sure you have no conflicts! It is no longer your advisor's responsibility to see that you avoid conflicts; it is strictly YOUR responsibility! Do not discover at the last minute you have 3 finals on one day, and then beg off.

Buy a clicker. Be sure to register it in your name for this course, otherwise your answers will not be recorded. Bring it the first day to make sure it works; we will have a shakedown session.

You already own a hand calculator. I recommend that you bring it to class; although it is not required. Sometimes we deal with powers, roots, and logs.

Location of reading assignments:

1. Required texts:

Jacobs, Jane, Cities and the Wealth of Nations

Gaffney, Mason, New Life in Old Cities

Buy when available in bookstore. They are low-priced.

2. The iLearn website for this course.

3. The Reserve Desk, Rivera Library. In a few cases books will be on Reserve in The Science Library

4. My website, www.masongaffney.org

Bases for grading:

Clicker quizzes, 40%. These are given once a week, based on

the current readings.

You get 3 points for each right answer; 1 point for each WRONG answer (yes, really); and zero points for not answering. Absence means getting zero points on all questions. It will be hard to get a decent grade if you miss a few quizzes. Having someone else use your clicker, or operating one for someone else, is a serious offense and may result in automatic failure, just like other cheating on an exam.

If you are sick, injured, or in trouble, and have a documented reason, I'll apply your average scores on other quizzes to the one or ones you missed. You must request this in writing. Let me see the documents. Funerals and care-giving may be good reasons. Athletic road trips for dear old UCR may sometimes be good reasons, but I discourage this, and may turn it over to a Dean to make the hard calls. Give me a hard copy of your petition, for my file, lest I forget. Family outings and reunions and ski trips and even your best friend's wedding are not good reasons. (Your own or your sib's wedding are good reasons - weddings are important.) If your job will interfere with attendance, drop the class or the job.

Our grader will tote up your scores and report them to you by iLearn every 3 weeks or so.

MTM, 20%

Final, 40%

Extra credit for optional term papers.

Extra credit for contributions to class discussions, or catching the instructor in an error. Yes, you get extra credit for catching me off base, if you are sharp enough. Good, penetrating questions are a positive oral contribution worthy of extra credit. I value highly those participative students who spark up the whole class with good questions and comments: they make the class.

If I call your name to respond to a question, and you are not there, there will be no extra credit of course.

Likewise, if you are unable to respond because you have been chatting, or your nose is in a laptop, there will be no extra credit. You have been notified.

A really good term paper is worth 10% extra on your grade. A junky paper is worth nothing. A suspicious paper may cost you. The Instructor is the sole judge of what is good, junky, or suspicious.

Do not ask, "How many points do I get for this?" Why not?
A, It varies from zero on up, depending on how good it is;
B, Asking that question makes a bad impression, indicating that you are less interested in the subject for its own sake, as befits a college student, and more interested in collecting "gold stars," as would befit a child in elementary school. Now that you are a college student, you (should) have put away childish things.

For extra work, clip a current newspaper article and explain its relevance to ideas discussed in the course and the readings. Your comments may be less than a page, or more if you have more to say. Hardly a week will pass without there being an article published dealing with resource economics. I will return up to two such papers per student, with comments which will be intended to help you do better on the final draft. Credit will depend on quality and, of course, originality. A higher quantity is good in that it gives you more practice, but will help you only if you improve as you go. If quality is low, a second paper of low quality will not improve your grade, but only irritate the instructor who has to read it.

Deadline for submitting papers is Friday before the last week of class. Last-minute papers may be accepted, but you won't get any help with them, and they will be discounted. Earlier submission is better -- much better.

Hate to have to mention this, but there is negative extra credit for interfering with other students' learning. Most of you have grown out of this, thank goodness. If I have to call you to order (which I dislike doing), you know you are losing a point or so.

Drifting in late, or out early, also makes a bad impression that may affect your grade - just as it would affect your prospects on a job. I am tolerant, but don't push it.

6. Yes, I curve the grades. Around May 9, a few students will ask me that anyway, and I will answer "Read the Syllabus".

READING LISTS: These will come out separately, in 2 or more installments.

Econ 146, Urban Econ., Outline of Readings, Winter 2011

1. Location Factors

A. Geography

1. Topography, transportation, resources

- a. Location factors
- b. Excerpt from "Urban Expansion"
- c. North-south river valleys, eastern U.S.A.
- d. Cotton industry in Lancashire

2. Cities and hinterlands

- a. Irrigation oases and cities
 - i. Rhodes on Modesto
 - ii. Henley on Modesto (see RBR)
 - iii. X - BLANK
 - iv. Gaffney on Irrigation Districts
 - v. Arvin and Dinuba
 - vi. Total Community
 - vii. Dying farm towns, great plains
 - viii. Anti-urban Montana
 - ix. W.J. Cash on anti-urban Old South
 - x. Summary

B. Human responses

1. Governmental and Institutional

a. Transportation, Infrastructure

- 1. U.S. Canal Boom, 1820-40, for an example
- 2. Chicago boom and bust, same period
- 3. X blank
- 4. Winners and losers

b. Taxation

- 1. New life in old cities
- 2. How to revive a dying city
- 3. Taxation and the frequency of urban renewal
- 4. How San Francisco revived after 1906
- 5. The property tax is a progressive tax
- 6. Synchronization of complementary land uses

c. Synergy

- 1. Man-made attractions
- 2. Elements of urban synergy, essence of #4
- 3. Threshold populations
- 4. The Synergistic City, complete ms

2. Urban Land Markets

A. Maps

Tues. {

B. Urban ground rent

1. Sources of rent
2. Functions of rent as sorter, arranger, synchronizer
3. Specialized neighborhoods – example of San Francisco
4. L.A. sprawl, how we got to be this way
5. Rent and diminishing returns
6. All Taxes Come Out of Rent (ATCOR) – why and how
7. Excess Burdens Come Out of Rent (EBCOR) – why and how
8. Smoothing out (annualizing) periodic capital costs (K) to deduct from cash flow to get rent
9. Annualized K compared with expenses: which is greater?
10. Hudson on how FRB lowballs data on ground rent.

C. Values and Rents