

**URBAN ECONOMICS**  
and the  
**REAL WORLD**

# Origins

# The Development of Urban Economics in the Twentieth Century

A Methodological Approach

A Scientific Research Programme:

Imre Lakatos

# Alonso/Wingo: The foundation of a programme

- land value gradients
- density gradients
- house price studies
- local government and taxes

# An Alternative View: the external influences

# Applied Economics 1960

Transport	-	Fixed Costs
Agriculture	-	Subsidies
Labour	-	Unions
Housing	-	Cycles
Industry	-	Structure

# Proximate Cause

- The rise of car ownership
- The intra-urban transport problem



Links with housing economics (Muth)

with transport economics

with land economics (Turvey)

# Events

1960s & race

Kain on the effects of ghettos

# Intellectual influences

1960s - Entropy

1970s - Marxism

1970s - Growth theory & rent gradients

# Inner city unemployment

Inner city unemployment

A British interest

- the characteristics approach

versus - the planning approach

# Planning v Economics

- Doing something useful
- 1970s analysing planning
  - using welfare economics
    - Harrison 1976; Willis 1980
- 1980s analysing the effects of planning
- a product for which there was no demand

# Economics & Real Estate

American Real Estate & Urban Economics Association 1973

Journal of Real Estate Finance & Economics 1981

Journal of Property Investment & Finance 1982

Journal of Property Research

Journal of Real Estate Research 1986

Later, the American Real Estate Society  
European Real Estate Society

# Economics & Planning

1986 Evans v Grigson

Do Planning Constraints increase Land Values

- Grigson No – Ricardian Theory
- Evans Yes

1992 Report to DoE – land supply does affect prices!

Received but not ‘accepted’

## 1999 The Rogers Report

- no economists and no economics

2000 Planning: no need for information on prices

‘The market must adjust to the plan’



2003 Evans:

‘Now that urban economics exists, and an economic input into discussions of the analysis and planning of land use is possible, it is still not thought necessary’  
(p.527)

# 'What we obviously needed was a Barker'

2004/05      Review of Housing Supply

2006/07      Review of Planning

The Treasury overrode the ODPM

Why? Rising house prices

2005 Evans & Hartwich Unaffordable Housing

Think tank publication of the year:

Adonis:

‘The very model of the good think tank publication .... It is hugely challenging – and perhaps paradigm-shifting’ in its conclusion.

Steve Nickell: Chair of NPAU

Mike Ball: Chair of HMPA Panel for DCLG

Alan Evans:

- member of CABE Strategic Urban Design Working Party

Some people may have a lot to learn BUT

in six years a lot has changed.