

KK-64403

EKONOMI WILAYAH DAN KOTA

Rr. Ratri Werdiningtyas

TARGET PERKULIAHAN :

Topic 1 : ECONOMICS IN URBAN AND REGIONAL PLANNING

Topic 2 : STRUCTURE AND GROWTH OF THE URBAN ECONOMY

Topic 3 : INTRAMETROPOLITAN ORGANIZATION AND CHANGE

1st Session

1. Why do cities exist ?
2. Why and how urban areas grow?
 - Pattern of growth theories?
 - What particular type of activities that stimulate the city growth?

2nd Session

1. Land Use : Land use pattern, Location, The Value of Land
2. Urban Residential Land Use and Housing Market
3. Urban Transportation Market
4. The Visible hand

TARGET PERKULIAHAN (2) :

Topic 3 : ECONOMICS OF URBAN HUMAN RESOURCES

- ✗ Population and economics of urbanization
- ✗ Explore households as supplier of labor services in urban labor markets and urban population as consumers of final products of the economy

Topic 4 : URBAN PUBLIC SERVICES AND WELFARE

Concern with problems associated with efficient allocation of public resources and the interaction of the public and private sectors

Topic 5 : URBAN MACROECONOMIC ANALYSIS

→ laboratorium FE

Pertemuan 5

INTRAMETROPOLITAN ORGANIZATION AND CHANGE

WHAT IS A CITY ?

- ✗ **City characteristic** : a geographic area which has sufficient size and concentration of economic activities and households to effect scale economics in its private and public sectors.
- ✗ **Physical characteristic** : an inhabited place with 'distinct' imageability (complex of building, pipes, roads, spatial layout, etc)
- ✗ **The size and character of the city reflect the size and physical requirements of its major market and vice versa**
- ✗ **City characteristic → concentration of people and economic activities → the direct result of the advantages of close contact / economic agglomeration**

TRADING CITIES

A. Comparative advantage generates trade

- ✗ It is happened because of the differences in productivity caused f.e labor skills, weather or natural resources
- ✗ Transportation cost ?
 - ✓ trade will be beneficial if the transportation costs involved in trading aren't too large
 - ✓ $\text{price} + \text{transportation cost} < \text{cost production by self}$

B. Scale Economies in Transportation and Trading Cities

- ✗ It is happened if :
 1. Surplus, productivity is high enough that people produce enough goods for themselves and urban traders
 2. The differences in productivity (generated by comparative advantages) are large enough to offset transportation costs
 3. there are scale economies in transportation. Intermediaries are more efficient at transporting and marketing goods.

WHY DO CITIES EXIST ?

- ✗ Cities exist because it is efficient to produce some goods on a large scale
- ✗ Region without cities happens when :
 1. **Equal productivity.** → citizen and land to provide raw material are equally productive
 2. **No scale economies in production.** Production is subject to constant returns to scale.
 3. **No scale economies in transportation.** The transport cost per unit shipped per mile is independent of the volume shipped
 - ✓ *There is no advantages from trade or centralized production, so everyone/every household in the region will be self sufficient.*
 - ✓ *There will be uniform concentration.*
- ✗ City characteristic → specialization of economic actors, each of which has limited authority and competence → a dynamic system of interrelated and interdependent markets.
- ✗ Significant market in cities include : **LAND and HOUSING, LABOR, TRANSPORTATION, PUBLIC SERVICE MARKET**

FACTORY CITIES

- ✖ Scale economies in production. More products more cheap. It happens because of:
 1. Factor specialization
 2. Indivisible inputs (f.e : machine, technology, etc)

→ Picture Explanation
- ✖ Market area. How large is it?
- ✖ It depends on : (f.e : shirt factory)
 1. The wage of factory workers.

The wage of being working in factory > The wage of being working at home + transportation cost.
 2. The net price of shirt (cost production + consumer's transportation)

→ Picture explanation

LIMITS TO CITY SIZE

- ✗ **Transportation.** a decrease in transportation cost allows the factory to more fully exploit economies of scale, increasing the city size
- ✗ **Scale economies and the technology (machine).** As economies scale become more powerful, the cost production decrease relative to the cost of home production, the market`area increases, increasing the size of factory cities.
- ✗ **Commuting Cost.**

Is the wage given to the workers independent to the city size?

Number of workers	Commute Time	Works Time	Hourly wage
100	0 hour	8 hours	1000/hours
20000	4 hours	4 hours	2000/hours

Higher commuting cost will limit the market, the size of the city.

→ Picture explanation

THEORIES OF URBAN GROWTH

- ✖ Economic forces act within a framework and there is a constant interplay between economics and other forces
- ✖ There are 4 theories generalizing the pattern of growth of urban land use, that are:
 1. Concentric zone
 2. Axial development
 3. Sector
 4. Multiple nuclei

1. CONCENTRIC ZONE

- ✗ Picture Explanation
- ✗ Concentric zonation is based on the idea that similar or functionally related activities will locate at the same distance from the centre of an urban area
- ✗ Land use in each successive outward zone from CBD are sorted out in order to their ability to benefit from and pay proximity to the centre
- ✗ The perfect regularity would only result if each site given distance from the centre are equally accessible to the centre and has similar characteristic
- ✗ The weakness...?

2. AXIAL DEVELOPMENT THEORY

- ✗ Picture Explanation
- ✗ Accessibility is considered in terms of time
- ✗ It is accepted that transportation facilities in any urban area are limited
- ✗ Movement will be concentrated along particular routes. The form of urban expansion would be controlled by the available transport facilities.
- ✗ The natural limit to expansion of development is set by competition from area closer to the centre.
- ✗ Area with not so well served by transport facilities can compete in time distance to the centre because of the lesser distance to be covered.
- ✗ The weakness ?

3. SECTOR THEORY

- ✗ **The importance of complementary** → growth along a particular axis of transport usually take the form of similar types of land use
- ✗ Picture Explanation, For example :
 1. Residential areas exhibit a tendency to segregate according to income and social position
 2. If price and rents (land) are taken to indicate qualitative differences in housing, person in the highest income groups live in houses commanding the highest prices and rents.
 3. The higher the ability to afford access to a better environment, the further away he can live from his place of works.
 4. Low income areas are located on the opposite side
- ✗ The sector theory attempts to :
 1. explain the pattern of urban growth from the point of view of changes in residential land use
 2. explain differential rates of growth in different parts of the city

4. MULTIPLE NUCLEI THEORY

- ✗ There may be more than one focal point and that each of its (the discrete nuclei) influence the location of certain land use.
- ✗ For main principles were suggested for the rise of separate nuclei and differentiated districts, that are
 1. It was recognized that certain uses/activities require particular condition of access (Accessibility consideration)
 2. Certain activities benefit from grouping because of advantages of complementarity
 3. Other activities are detrimental to each other and the location of one such use will deter other users from locating in that neighborhood
 4. Some activities are unable to afford the high prices for the most desirable sites.