

Three Essays on Urban Economics

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Abstract

This prospectus proposes three questions in the field of urban political economy. The first is a theoretical question on the relationship between urban growth, wages, and rents, based on classical political economy treatments of the land question. The second is a historical-descriptive question that applies the theoretical insights of the first chapter to the recent burst of growth and subsequent crisis of housing in San Francisco. The final question is on the impacts of rent control laws in the United States.

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Introduction: Centering Space in Political Economy

“Capital by its nature drives beyond every spatial barrier. Thus the creation of the physical conditions of exchange—of the means

of communication and transport—the annihilation of space by time—becomes an extraordinary necessity for it.” @marx2005

The discipline of Economics, at long last, has been going through something of a “spatial turn” in recent years. It has become more and more apparent that heterogeneity and divergence across geographic scales are strikingly persistent [ganong2017; chetty2014], and that these differences across space require more sophisticated explanations than factor endowments and convergent-growth models.

Spatiality, in the form of land and land rents, had been central to economic thought since Adam Smith;

What do Landlords Do? The Political Economy of Urban Growth and Distribution

Rents don’t increase because buildings get better, buildings get better because rents increase

Abstract

This chapter is about the spatial impacts of urban growth. In particular, it investigates the way that urban economies of scale and agglomeration affect the distribution of wages, profits, and rents—who gains when cities grow? How does growth affect, and get affected by, urban density? Who decides? Since this essay, in essence, seeks to spatialize urban growth, it relies heavily on the classical political economy and radical geography traditions surrounding land rents, scale, and the production of space. The essay is divided into two parts; the first is a survey of the history of economic thought surrounding land, rent, and urban structure. The second is a formal presentation, seeking to show the conditions under which increases in productivity are captured by different sections of an urban economy.

Introduction

Literature Review

The Evolution of Economic Thought on Housing and Rents

three major strands of literature here: Classical political economy (Smith, Ricardo, Marx, George, Keynes), Critical Geography (Lefebvre, Harvey, (Neil) Smith, Aalbers), Neoclassical Urban Economics (Brueckner, Glaeser, Moretti, Florida)

On the Housing Question in San Francisco

Abstract

This chapter applies the theoretical insights from the previous chapter into a historical-descriptive account of the development of wages and rents in the San Francisco Bay Area. It begins in the period immediately preceding World War II, continuing up to the current boom in economic growth and rents in the late 2010s.

Rent Control Revisited: Is it Good, Actually?

Abstract

This essay is a contribution to the empirical literature on rent control. Despite re-invigorated demands for rent control policies across the nation, the consensus of the economics discipline has remained solidly against the measure. How severe are the deleterious effects of rent control on housing supply, rents, and neighborhood composition? Does it really achieve the desired end of neighborhood stabilization, or does it merely increase the rate of gentrification and rent growth? This essay addresses the difficulty of well-identified empirical work on housing in general, and estimates the impacts of municipal rent control policies on rents, tenure length, neighborhood amenity access, the rate of new housing construction, and the supply of rental housing.

Conclusion

References