

Chapter 1 : Urban Development - OECD

Community Economic Development Hub. RESEARCH AREAS Federal urban policies. Infrastructure. Job opportunities.

Most industries and businesses are located in or within immediate vicinity of urban areas, providing city residents with jobs. This is especially true in developing countries, where an increasing share of economic activities take place in cities, and the differential between urban and rural wages is growing. This causes rapid rural-to-urban migration. If urban economic opportunities do not keep pace with the influx of job-seekers, urban poverty can have dire results for the health and well-being of large shares of the population. Governments are presented with a set of economic and financial challenges in dealing with growing urban populations: They must harness urban population growth to generate economic prosperity. They must pay for infrastructure and services to both accommodate new residents and support the existing population. They must facilitate economic growth and job creation that is broad-based and inclusive. They must leverage the youth dividend to create a new generation of economic vibrancy. Agglomeration economies, key drivers of economic growth Agglomeration economies are key drivers of economic growth, but need to be harnessed. Cities exist because there are economic benefits associated with urbanization. However, unplanned or poorly-planned urban expansion can create dynamics which stifle the drivers of the urban economy. Public sector actions such as plans, policies, and their implementation can guide urbanization toward an efficient and equitable urban future. Land use, infrastructure, and transportation can be coordinated in ways that support economic growth and innovation, advance social equity, and promote quality employment for their residents. Well planned, spatially efficient cities do the following: They connect jobs and workers, allowing people to find employment that matches their skill sets; this improves both productivity and wages. They connect businesses with each other, allowing clusters of firms to share pools of labor and inputs, specialize and collaborate, and glean knowledge and ideas from others in their industry. They connect urban residents to more extensive opportunities and increase their access to a variety of choices. As cities grow, it is crucial to channel new development in ways that prevent stifling forces such as congestion, pollution, segregation, and excessive rents. Instead, growth and investment should be strategically used to promote economic efficiency and broad-based growth. What we offer and promote: UN-Habitat offers assistance to national and local governments as they plan the infrastructure and regulatory frameworks to support economically dynamic cities. Well-informed planning and policy-making can maximize the benefits of urbanization and prevent or mitigate negative impacts, helping to create and keep quality local jobs. UN-Habitat offers tools calibrated to the local context which support informed decision-making. These tools can aid in the evaluation of urban development scenarios, assisting policy makers in coordinating land use, transportation, and infrastructure to support job growth. Governments will have a better understanding of the way their cities function, including constraints to economic growth and existing assets. They will be able to plan for future growth in ways that support economic innovation and dynamism. This includes prioritization of development strategies on the basis of their potential to facilitate job creation. Residents will benefit from enhanced connectivity between homes and centers of activity, providing broader access to employment and other opportunities. Lower income groups, women, and youth will be included in economic growth instead of being marginalized. Businesses will gain from increased accessibility to inputs, knowledge, labor, and resulting productivity. Urban financing strategies Urban financing strategies are key to the provision of services and the implementation of urban development plans. If cities are to pay for the type of infrastructure and public services that can unleash economic growth and support quality of life, they need access to adequate funding and the ability to finance capital projects. As cities improve their financial management practices and gain capacity to utilize appropriate financing mechanisms, the result can be a virtuous cycle of investment and economic growth. UN-Habitat helps local and national governments develop revenue enhancement plans which can leverage innovative tools and simple, transparent revenue collection mechanisms. These mechanisms can harness and

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support growth while garnering community buy-in for public sector revenue collection efforts. This typically involves the adoption of appropriate technologies for managing revenue and expenditures for economic development. UN-Habitat also assists public agencies in designing financial models also known as business plans to support the implementation of urban plans and public projects. These models specify detailed financing strategies, project development partners, phasing, and cash flow over time. They serve as critical underpinning for public investments and the sustainable extension of urban infrastructure and services. There are an array of financing mechanisms available to help local governments meet obligations for providing basic services and pay for growth-generating capital projects. These include public-private partnerships, municipal bonds and access to capital markets, and methods to capture windfall land value increases created by public investments or demographic shifts. UN-Habitat offers comprehensive assistance in evaluating financing options and implementing appropriate mechanisms in order to leverage and sustain growth. Support for policy revision and capacity strengthening at both local and national levels is available. Tax structures will be equitable, promote economically beneficial land use patterns, curb speculation and sprawl, and perceived by the public as fair and transparent. Municipal development projects will be able to access funding for capital expenditures and be able to sustain quality infrastructure and services through the appropriate level of funding for operations and maintenance. Governments will develop the capacity to raise necessary revenues, manage expenditures, and utilize capital project financing. Local economic development LED for inclusive economic growth Local economic development LED approaches support inclusive economic growth. Despite cities being the biggest providers of both formal and informal jobs, urban unemployment and underemployment are still major issues around the world. The resulting poverty leads to problems such as malnutrition, social exclusion, crime, and slum formation. Youth unemployment is particularly high, with youth being three times as likely as adults to be unemployed. The informal economy tends to develop in parallel to fast demographic growth and supplants other more stable forms of revenue generation, as formal job supply cannot meet rising demand. In Sub-Saharan Africa and South Asia, more than 70 per cent of the labour force is vulnerable, confronted by insecure working conditions, lack of labour rights, underemployment, and an uncertain regulatory environment. Cities have a critical role to play in linking people with jobs. Governments can help to make cities competitive and can ensure that the benefits of economic growth reach the poor. Youth, women, and vulnerable social groups require special consideration in efforts to create jobs. A participatory approach toward the creation of an LED strategy can help to identify critical needs and barriers and build on endogenous assets at the local level. Additionally, governments can take proactive steps to address economic leakages and supply chain development while creating a business-enabling environment with regulations that are fair, transparent, and stable. UN-Habitat assists local governments in generating and implementing local economic development LED strategies which are strategically aimed to capitalize on existing areas of comparative advantage, leverage local assets, and generate equitable outcomes. LED strategies can be developed as a stand-alone exercise or in conjunction with broader efforts such as national policy reform, city master planning, or other planning or policy effort. Local governments will understand their economies, markets, and the challenges and opportunities facing job creation in coming years. LED strategies will be developed through a participatory approach which garners stakeholder buy-in and supports coordinated implementation. Private and public investments will be supported to generate social benefits which reinforce economic growth. Job creation will include currently marginalized populations with special emphasis on youth and women. Income-generating activities will be supported at all levels, including the informal sector. Youth, an economic strength The youth demographic can be an economic strength if youth are empowered to participate in urban life. Globally, there are more people under the age of 25 today than ever before, and it is estimated that as many as 60 percent of all urban dwellers will be under the age of 18 by In light of these developments, UN-Habitat focuses on the interventions that can maximize the opportunities that are inherent in the youth demographic bulge, and how it is a positive source of development. We bring technical expertise and experience in participatory and inclusive practices to help engage youth as assets for sustainable urban

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development and drivers for positive change. We provide evidence-based policy advice and develop projects jointly with UN agencies, civil society, youth-led organizations, and governmental partners. Drawing on our successful flagship programmes as well as national and local Youth Fund initiatives. Youth will be given a voice in the development of their communities and serve as drivers of positive change. The burgeoning youth workforce will contribute to the productivity and prosperity of their cities and towns. Local economies will benefit from the innovation and creativity unleashed by empowered young people. Women in Informal Employment:

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Chapter 2 : Urbanization and Urban-Rural Integrated Development

Economic Development in Urban Areas Economic change has helped lead America into urban crisis for the following reasons. First of all, because urban problems are no longer confined to the inner city, but are regional in nature.

Development economics The scope of economic development includes the process and policies by which a nation improves the economic, political, and social well-being of its people. The concept, however, has been in existence in the West for centuries. Modernization , Westernisation, and especially Industrialisation are other terms people have used while discussing economic development. Economic development has a direct relationship with the environment. Although nobody is certain when the concept originated, some people agree that development is closely bound up with the evolution of capitalism and the demise of feudalism. According to Schumpeter and Backhaus , the changes in this equilibrium state to document in economic theory can only be caused by intervening factors coming from the outside. In , during his inaugural speech, President Harry Truman identified the development of undeveloped areas as a priority for the west: Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history humanity possesses the knowledge and the skill to relieve the suffering of these people I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life€ What we envisage is a program of development based on the concepts of democratic fair dealing Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge. From the s to the s the state played a large role in promoting industrialization in developing countries, following the idea of modernization theory. This period was followed by a brief period of basic needs development focusing on human capital development and redistribution in the s. Neoliberalism emerged in the s pushing an agenda of free trade and removal of import substitution industrialization policies. In economics, the study of economic development was borne out of an extension to traditional economics that focused entirely on national product , or the aggregate output of goods and services. Hirschman , a major contributor to development economics , asserted that economic development grew to concentrate on the poor regions of the world , primarily in Africa , Asia and Latin America yet on the outpouring of fundamental ideas and models. Growth and development[edit] Economic growth deals with increase in the level of output, but economic development is related to increase in output coupled with improvement in social and political welfare of people within a country. Therefore, economic development encompasses both growth and welfare values. Dependency theorists argue that poor countries have sometimes experienced economic growth with little or no economic development initiatives; for instance, in cases where they have functioned mainly as resource-providers to wealthy industrialized countries. There is an opposing argument, however, that growth causes development because some of the increase in income gets spent on human development such as education and health. According to Ranis et al. According to them, the first chain consists of economic growth benefiting human development, since economic growth is likely to lead families and individuals to use their heightened incomes to increase expenditures, which in turn furthers human development. At the same time, with the increased consumption and spending, health, education, and infrastructure systems grow and contribute to economic growth. In addition to increasing private incomes, economic growth also generates additional resources that can be used to improve social services such as healthcare , safe drinking water , etc. By generating additional resources for social services, unequal income distribution will be mitigated as such social services are distributed equally across each community , thereby benefiting each individual. Concisely, the relationship between human development and economic development can be explained in three ways. First, increase in average income leads to improvement in health and nutrition known as Capability Expansion through Economic Growth. Second, it is believed that social outcomes can only be improved by reducing income poverty known as

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Capability Expansion through Poverty Reduction. Lastly, social outcomes can also be improved with essential services such as education, healthcare, and clean drinking water known as Capability Expansion through Social Services. After analyzing the existing capitalistic growth-development theoretical apparatus, he introduces the new model which integrates the variables of freedom, democracy and human rights into the existing models and argue that any future economic growth-development of any nation depends on this emerging model as we witness the third wave of unfolding demand for democracy in the Middle East. Micro knowledge is what an individual learns from school or from various existing knowledge and macro knowledge is the core philosophical thinking of a nation that all individuals inherently receive. How to combine both these knowledge would determine further growth that leads to economic development of developing nations. Yet others believe that a number of basic building blocks need to be in place for growth and development to take place. For instance, some economists believe that a fundamental first step toward development and growth is to address property rights issues, otherwise only a small part of the economic sector will be able to participate in growth. That is, without inclusive property rights in the equation, the informal sector will remain outside the mainstream economy, excluded and without the same opportunities for study. The economic development of countries can also be implicated or contributed by the multinational corporations companies. Economic development goals[edit] The development of a country has been associated with different concepts but generally encompasses economic growth through higher productivity, [9] political systems that represent as accurately as possible the preferences of its citizens, [10] [11] the extension of rights to all social groups and the opportunities to get them [12] and the proper functionality of institutions and organizations that are able to attend more technically and logistically complex tasks i. With this in mind, economic development is typically associated with improvements in a variety of areas or indicators such as literacy rates, life expectancy, and poverty rates, that may be causes of economic development rather than consequences of specific economic development programs. For example, health and education improvements have been closely related to economic growth, but the causality with economic development may not be obvious. In any case, it is important to not expect that particular economic development programs be able to fix many problems at once as that would be establishing unsurmountable goals for them that are highly unlikely they can achieve. For example, if a nation has little capacity to carry out basic functions like security and policing or core service delivery it is unlikely that a program that wants to foster a free-trade zone special economic zones or distribute vaccinations to vulnerable populations can accomplish their goals. Governments that can raise a significant amount of revenue from this source are less accountable to their citizens they are more autonomous as they have less pressure to legitimately use those resources. Economic development policies[edit] In its broadest sense, policies of economic development encompass three major areas: Governments undertaking to meet broad economic objectives such as price stability, high employment, and sustainable growth. Such efforts include monetary and fiscal policies, regulation of financial institutions, trade, and tax policies. Job creation and retention through specific efforts in business finance, marketing, neighborhood development, workforce development, small business development, business retention and expansion, technology transfer, and real estate development. This third category is a primary focus of economic development professionals. One growing understanding in economic development is the promotion of regional clusters and a thriving metropolitan economy. International trade and exchange rates are a key issue in economic development. Currencies are often either under-valued or over-valued, resulting in trade surpluses or deficits. Furthermore, the growth of globalization has linked economic development with trends on international trade and participation in global value chains GVCs and international financial markets. The last financial crisis had a huge effect on economies in developing countries. Economist Jayati Ghosh states that it is necessary to make financial markets in developing countries more resilient by providing a variety of financial institutions. This could also add to financial security for small-scale producers. The practitioners have two key roles: Economic development practitioners generally work in public offices on the state, regional, or municipal level, or in public-private partnerships organizations that may be partially funded by local, regional, state, or federal tax

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money. These economic development organizations function as individual entities and in some cases as departments of local governments. Their role is to seek out new economic opportunities and retain their existing business wealth. There are numerous other organizations whose primary function is not economic development that work in partnership with economic developers. They include the news media, foundations, utilities, schools, health care providers, faith-based organizations, and colleges, universities, and other education or research institutions. With over 4, members across the US and internationally, serving exclusively the economic development community, IEDC membership represents the entire range of the profession ranging from regional, state, local, rural, urban, and international economic development organizations, as well as chambers of commerce, technology development agencies, utility companies, educational institutions, consultants and redevelopment authorities. Many individual states also have associations comprising economic development professionals, who work closely with IEDC. Development indicators and indices[edit] There are various types of macroeconomic and sociocultural indicators or "metrics" used by economists and geographers to assess the relative economic advancement of a given region or nation. GDP per capita " growing development population[edit] GDP per capita is gross domestic product divided by mid year population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. With the struggle to attract and retain business, competition is further intensified by the use of many variations of economic incentives to the potential business such as: IEDC places significant attention on the various activities undertaken by economic development organizations to help them compete and sustain vibrant communities. Additionally, the use of community profiling tools and database templates to measure community assets versus other communities is also an important aspect of economic development. Job creation, economic output, and increase in taxable basis are the most common measurement tools. When considering measurement, too much emphasis has been placed on economic developers for "not creating jobs". However, the reality is that economic developers do not typically create jobs, but facilitate the process for existing businesses and start-ups to do so. Therefore, the economic developer must make sure that there are sufficient economic development programs in place to assist the businesses achieve their goals. Those types of programs are usually policy-created and can be local, regional, statewide and national in nature.

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Chapter 3 : Economic development - Wikipedia

Economic development is the sustained, concerted actions of policy makers and communities that promote the standard of living and economic health of a specific www.nxgvision.comic development can also be referred to as the quantitative and qualitative changes in the economy.

Page 70 Share Cite Suggested Citation: Urban Development in an Advanced Economy. The National Academies Press. Our analysis of the impact of the changing economic structure on urban areas suggests that there are foreseeable differences in the economic potential of different types of cities in the urban system. Serious mismatches can be anticipated between available jobs and available labor. The most critical problems are in the subordinate centers with historically specialized manufacturing economies and labor forces. The transformation of urban areas and the emergence of a new urban system raise questions about how policies concerned with the economic change and development of urban areas can be reconciled with policies concerned primarily with the overall national economy. For some urban areas the transition to a new kind of economy is already well advanced; for others it is just beginning. For all urban areas, long-term changes in economic roles seem highly probable. Development and growth are not synonymous. Growth refers to the proportional expansion of area, population, firms, and jobs. Development implies structural change and may accompany either growth or decline. It involves adjustment to new economic roles, changes in the capital stock, development of skills in the labor force, and many other activities that change the character, appearance, and economy of a place. Each type of urban area that we have discussed has different kinds of development problems stemming from the historic mix of industries and occupations and the current state of the markets for them. These important differences 59 60 Rethinking Urban Policy make it virtually impossible for a uniform policy or economic development strategy to work well in all types of metropolitan areas. Development strategies will need to be tailored to the resources and potential of different types of urban areas, if not to each specific area. A simple strategy of concentrating on overall national economic growth will not result, even if it is successful, in prosperity for all urban areas. The reason for this is that the growing and declining manufacturing and service sectors of the economy are often located in different places. Some of the sectors that are in decline will not be substantially revived by general economic recovery because structural changes in those sectors will permanently eliminate many jobs that previously existed. That the conditions of each area are unique does not mean that there is no place for national policy concerned with urban economic development or that all of the problems are entirely local in nature. It means rather that there are national, regional, and local aspects of most urban problems. Accordingly, national policy might concentrate on providing a general framework and kit of tools that can be used, within a wide range of discretion, by regional and local decision makers at each level of the political system to fit their specific needs Committee for Economic Development, ; National Research Council, b. For an urban economic development strategy to be effective within such a system, it must operate at both national and subnational levels. While national and urban interests in economic development are not always the same, there are no rigid distinctions based on constitutionally proper functions. Just as national and urban interests differ, the interests of industries may diverge substantially from those of the cities that house them. Understanding these interests and where they converge or diverge is a necessary first step in devising a workable urban economic development strategy. The Formation and Flow of Capital Each component of the political economy has an interest in the formation of capital and its investment in activities that contribute to the expansion of the national economy. Making the economic pie larger eases the problem of sharing it among regions and groups, although there is still a distribution problem. Traditionally, the national government has assumed Basic Concepts for Urban Economic Strategy 61 responsibility for policies to promote capital formation. It has regularly if not consistently favored investments in some sectors and activities over others. This effect is now widely acknowledged, but policies primarily concerned with the formation of capital have not been particularly sensitive to their effect on its

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geographic distribution Howell, The results are substantial but often unintended and unanticipated. A recent study by the Rand Corporation Vaughan, shows that the effects of many policies are unknown. Some policies, such as those for monetary, fiscal, and defense programs, whether intended or not, have quite different impacts on regions and on central cities than on their suburbs. It includes policies that encouraged settlement of the frontier, developed ports and waterways, provided land grants to canal and railroad companies, regulated interstate transportation rates, and built a national highway system. Other policies declared the national interest in limiting business concentrations through antitrust legislation, equalizing minimum wages and maximum hours of work, providing for secure retirements through social security, and encouraging employment opportunity for minorities. The Full Employment Act, the Tennessee Valley Authority TVA, the Area Redevelopment Act, the Appalachian Regional Commission, the antipov-erty program, and the Model Cities program were all manifestations expressed through the political system of a national interest in intergroup and interregional equity and widely distributed economic opportunity. This national interest in the distribution of opportunities and the growth of jobs and incomes for all groups and regions has been an important means of promoting social stability and of reducing the social costs of having a large, dependent population. There has generally been a recognition that not all places in the nation can grow fast, but there has also been a readiness either to shelter troubled areas through devices such as tariffs or to try to stimulate growth in areas that were lagging behind the rest of the economy through more direct programs, such as reclamation projects, the TVA, and the location of federal installations. The national interest in the distribution of economic activity has sought to avoid the most serious, debilitating, and damaging interregional conflicts and competition. Although historically the national interest in urban economic development has included a recognition that the aggregate level of growth can be materially retarded if some region or group is left substantially behind others, it has not included a systematic approach to either regional development or the flow of capital to particular sectors of the economy which may also have important regional implications Schwartz and Choate 1 Economic and Social Stability Given the respect for pluralism that characterizes policy making in the federal system, the national interest recognizes that regional or local interests may at times be in conflict with each other and with national interests. These conflicts are permitted in the interest of diversity and experimentation, so long as there is no direct challenge to a clearly stated federal power. At the local level, interest in economic development often embodies an intensely parochial concern for economic and social stability that is indifferent or even hostile to the economic fortunes of other areas. From the perspective of overall national interest, it may matter little where new or expanded economic activity occurs, but that issue is central to local interests. They will fight hard to save subsidies that favor them, even if such subsidies can be shown to be counterproductive to national interests in economic growth. Basic Concepts for Urban Economic Strategy 63 Each jurisdiction tends to maintain a competitive interest in its own economic health relative to other jurisdictions in the vicinity. Each is therefore deeply interested in maintaining and expanding the pool of capital available for investment in local businesses, housing, and consumer credit. The interest in the size of the pool, however, may be secondary to the interest in the geographical flow of capital, whether its source is the local pool or financial institutions in other places within whose sphere of influence the jurisdiction lies. One of the persistent problems for older central cities, in particular, has been the flight of capital from downtown to the suburbs, even though the amount available within city institutions has been growing. The flight of private capital affects the availability of public capital, since most jurisdictions depend heavily on the growth in the assessable base of real property as the principal source of revenues for public capital investments. Thus, where private capital expansion is slow, intergovernmental fiscal transfers become increasingly important as a means of meeting budget needs U. Congress, Joint Economic Committee, a, b. Expansion of Local Economic Opportunity While the institutional interest of local jurisdictions in the growth of the revenue base is crucial in the local political economy, there is also a strong urban interest in economic development as a source of opportunity for the upward income and occupational mobility of the local labor force and as a source of prosperity for local businesses. To a

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considerable extent the growth of the metropolitan or regional economy benefits these interests, wherever it occurs in the area. There are two problems with such a generalization, however. The first has to do with the availability of new jobs generated by growth to the existing work force of the area. Growth in sectors for which the local labor force is not prepared can result in simultaneous increases in the net number of jobs and in the number of unemployed workers or dependent households. There is, of course, an interdependence among job levels. The growth of jobs for highly skilled workers and the filling of them with either local residents or imported labor can generate some jobs in the local economy for less-skilled workers. The second problem has to do with physical access of the lower strata of the labor force to the new jobs. In many cases neither the public transportation nor the job information network facilitates access to lower-income members of the labor force. In other cases the jobs realistically available to such workers do not make moving to them worth the effort. Such conditions can frustrate both national interests in Rethinking Urban Policy labor mobility and economic efficiency and local interests in economic growth and development. Displaced production workers, who have enjoyed high wages and benefits in unionized industries, often find that new service jobs pay less than their old jobs, and they are often reluctant to accept them. When they do, they often find that they are dead-end jobs, with little opportunity for promotion or increasing levels of pay. Poorly prepared young people and other unskilled workers have difficulty entering or reentering the labor market and in moving up the occupational ladder, either in the places where they currently live or in new places to which they might move. The unemployment and underemployment of both groups of workers could become a substantial social cost for all levels of government, particularly for local governments in the communities where redundant laborers and unemployed or underemployed people are concentrated. The most critical situations will be in those places where the loss of firms and jobs employing manual workers cannot be offset by jobs in services and other manufacturing industries that provide incomes and opportunities for advancement comparable to the jobs that are lost. At the same time, it is possible to foresee critical shortages of workers to fill some kinds of jobs. The challenge to public policy is to come to grips with the mismatches between the demand for labor in the growing sectors of the economy and the supply of labor that exists among occupational groups and among local or regional labor markets. Responding to this challenge involves developing strategies for the education and training of the current and future labor forces. It also involves developing programs that encourage redundant workers and other unemployed people to redirect their interests and skills to other occupations and, in many cases, to other places. In an age of international competition and rapid technological changes, both with pervasive impacts on American economic structure, strategies seem called for to avoid future high rates of obsolescence for groups of workers by the development of transferable skills and of continuing programs of transitional education and training for much of the labor force. In thinking about urban economic development, there is a tendency to focus policy on the declining parts of the economy, the most devastated neighborhoods, and the most distressed people. Certainly ameliorative actions are needed for such places and people, but an exclusive emphasis on helping the "worst first" can result in overlooking important opportunities that can ultimately improve the prospects of the most seriously disadvantaged groups. While attention is focused on the worst, higher-income residents and business firms may slip away. Urban policy should be concerned simultaneously with two realms: In a strategy that is concerned with how to channel the mainstream of economic growth and that builds on the strengths of the local economy, a number of factors are important: Each factor may have comparative advantages for particular types of industries. Each affects the current role of the area in the urban system and the potential that exists for carving out a stronger position. Careful delineation of the position of an area with respect to the mainstream of economic development involves more than a casual determination to offer itself as a capital for high-technology industry. As the discussion of the new urban system in Chapter 3 points out, some places have a substantial head start toward performance of certain functions in the new economy. Not every area is destined, even with intense motivation and strong public-private cooperation, to become a national or regional center for high-technology industries, corporate

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complexes, and producer services. There may be substantial potential, however, for other functions, such as distribution centers or specialized services or goods production. Because it is now possible to disperse parts of a service or manufacturing industry to locations distant from the headquarters, many more cities are candidates for communications, records, or training centers than in the past. Subordinate centers will need to link their strategies consciously to the economies of command and control centers and to seek activities that broaden the range of economic functions they can perform. It is important to recognize that, following the best strategies and even with the best of luck, some places will endure further disinvestment, 66 Rethinking Urban Policy decline in personal income, and some population loss before a long-term role in the new economy is well established. In fact, assuming that role may depend on some reduction in size. A strategy that seeks to take advantage of mainstream opportunities is incomplete if it fails to address the problems of the least resilient communities and people. The object of such policy is to improve access to the mainstream. Policies concerned with those left outside necessarily include some elements that are primarily designed to ameliorate the impact of structural change. The principal thrust of policy, however, should be to create opportunities for people and their communities to make adjustments to new jobs and new functions. This may be done with measures to stimulate new jobs in existing communities as well as by enhancing the ability of other displaced workers to follow opportunities to other areas. Some have already gone through a major transformation in their economic functions and have assumed new roles in the urban system. Others are in the earliest stages of structural change. In light of this, urban economic development policy must be concerned with two different time periods. First, it must be concerned with the period of transition. During this time, old familiar functions may be diminishing, and new areas of strength may be hard to identify.

Chapter 4 : Urban economics - Wikipedia

With sprawled development, more affluent households tend to move to isolated, automobile-dependent areas, leaving poverty concentrated in urban neighborhoods, which tends to exacerbate social problems such as crime and social exclusion.

Chapter 5 : Economy – UN-Habitat

The OECD conducts in-depth analyses of national-level policies related to urban development, as well as reviews of cities and metro areas, to evaluate current policies and propose strategies for boosting economic growth, improving environmental performance and fostering social inclusion.