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Anatomizing urban phenomena through the lens of political economy: A modern revisit (review of *Reconstructing urban economics: Towards a political economy of the built environment*)

Title: *Reconstructing urban economics: Towards a political economy of the built environment*

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The book *Reconstructing urban economics*, which upholds a heterodox perspective on urban economics, is a pleasant and easy read. Obeng-Odoom offers some startling insights into one of the most important topics in urban studies: urban economics. Two complaints motivated Obeng-Odoom to write the book. The first is the over-emphasis on the philosophy of “property for profit” in mainstream urban economics. The second is the absence of systematic, critical challenges to this orthodoxy by heterodox economists. It is unquestionably true that neoclassical economics, which forms the intellectual bedrock of modern capitalism, is far from being flawless. For example, its focus has been misplaced on a hypothetical “utopia” in which Pareto optimality applies rather than on explaining actual economies in the real world (Eichner & Kregel, 1975). Normative bias is thus often cited as a defect of neoclassical economics. Moreover, some assumptions underlying neoclassical economics are not realistic and are unfounded. For instance, the assumption of rationality overlooks other forces in the real world that shape human behaviour and the possibilities of irrational action (Galbriath, 1985;

Hausman, 1992; Rappaport, 1996). Therefore, neoclassical economics cannot fully explain all real situations, and its predictive power is sometimes arguably weak. In the light of the quixotic assumptions and empirical un-testability of neoclassical economics, there is a need to offer some alternative economic theories to better explain the phenomena in our urban environment.

Obeng-Odoom’s attempt to challenge the dominant perspective in urban economics deserves praise and recognition. The book updates the theoretical landscape of political economy around urban issues; at the same time, downplaying the significance and contributions of mainstream urban economics is certainly not the purpose of the book. Since its emergence in the eighteenth century as the study of the economics of states, political economy has been evolving into an interdisciplinary approach to explain dynamic interactions among institutions, the political environment and the economic system. It has many different veins with diverging foci. For example, some of them study interactions between agents and institutions (Campbell, 1998; Persson & Tabellini,



2000). This branch of research has been extended to the area of cross-national competition and collaboration. Others stress the roles of power and class relations in the economic process. Through the lens of transaction costs, institutional economics offers perceptive explanations for the discrepancy between the expected and actual outcomes of a public policy or institutional change (Pierson, 1996). In urban economics, political economists attempt to reconstruct the framework for economic analysis with an eye toward creating a more just society and environment. Obeng-Odoom’s book is part of this wave of research, which explores methods of resource distribution to satisfy material wants and enhance the overall wellbeing of a society.

In addition to the introduction and conclusion, there are nine chapters in the book. The first three chapters (sixty-six pages) offer a concise review of the applications of mainstream economics in urban studies and put forward a reconstructed economic framework for better understanding of urban economics. Chapter 1 overviews the nature of the built environment and urban eco-

nomics, and develops a general guiding framework founded on the premises of institutionalism, Georgism, Marxism and post-colonialism. The framework is used for critical analysis of various urban issues in the subsequent chapters of the book. Chapter 2 highlights the complexity of the urban system and its interacting subsystems (or components) and points out the limitations of neo-classical economics in urban studies, using various examples of urban challenges such as city formation and transformation. Chapter 3 is the cornerstone for the “urban economic analyses” in the subsequent applied chapters. In that chapter, the author argues that urban economies are far more than production, consumption and exchange. Any efforts to study urban economies without recognising the importance of other forces such as power structures and institutional settings in the changing world would be in vain.

Within the framework put forward in the first part of the book, the remaining six chapters analyse various urban issues. Chapter 4 discusses globalisation, international trade and city transformation. The main contribution of the chapter is pointing out that there is no single universal formula for the economic growth of cities. Taking cities at different tiers as examples, the author examines the departure of the actual fates of cities from the theoretical predictions offered by mainstream economists – in other words, the failure of the globalisation movement to achieve income convergence. What neoclassical economists have ignored in their predictions is the role played by coalitions of institutions other than the state. Informal economies at different scales are featured in Chapter 5. The chapter calls attention to the fact that the contribution of informal economies to the overall economy is often underestimated or undervalued by mainstream urban economists. The author reveals the real picture of infor-

mal economies and urges the parties concerned to focus on the real causes of the dehumanising conditions in the informal sector. Continuing from the preceding chapter, Chapter 6 is about urban poverty and wealth inequality. Critical issues that have been neglected by mainstream urban economics are identified. The chapter calls for a more inclusive and holistic approach to poverty reduction. It establishes that urban poverty is far more than an economic issue. Poverty is also about social justice, and so this topic cannot be isolated from issues such as deprivation and exploitation. Chapter 7 focuses on the urban housing challenge. It criticises mainstream urban economics for simply regarding the housing system as an assemblage of production, consumption, management and exchange processes related to the housing “commodity”. As an alternative, the author emphasises the “right” dimension of housing and suggests that housing conditions should not be separated from local labour conditions when formulating housing policies. Chapter 8 addresses the rise of the automobile as the dominant mode of urban transportation. It points out that neo-liberalistic *homo automobilus* can create more problems than benefits. It then recommends the inclusion of wider social, economic and environmental considerations in urban transport planning for more sustainable outcomes. Chapter 9 addresses the hotly debated issue of urban sustainable development. It anatomises the Jevons paradox, which continues to puzzle environmental economists and policymakers. The author argues that, in the ideology of neoliberalism, urban green growth is very often the pretext of economic growth of a city. From various political economic perspectives, he highlights the need for a true recognition of the Earth’s carrying capacity in order to set some limits on city growth and more fairly distribute the benefits of city growth among various stakeholders.

To the best of my knowledge, Obeng-Odoom is not the first advocate of political economy in the study of urban economics. However, his book systematically introduces different theories under the umbrella of political economy, such as institutional, Georgist and Marxist economics. These non-mainstream economic perspectives offer alternative lines of thought to explain issues associated with the urban environment. These non-mainstream alternatives are highly valuable because “markets are not mere meetings between producers and consumers, whose relations are ordered by the impersonal ‘laws’ of supply and demand” (Logan & Molotch, 1987: 1). The book has thus made a significant contribution to the understanding of how the urban environment can be explained with different schools of political economy. It is an important critique and synthesis of recent thinking about contemporary urban economics. Furthermore, the book promotes various ways to make cities more just places to live and work. Scholars, practitioners and policymakers will find the book an enriching read to help them think afresh about the political economy of the urban environment. Nonetheless, it is disappointing that the book contains little about countries and cities in the East. Nearly all of the examples cited in the book come from the West or post-colonial African countries, with only a few from Asia. There are, in fact, many examples from the East that could have been used for illustrative purposes in the book. The uneven urbanisation in Asian countries, particularly in mainland China, is a good case. Moreover, gentrification, be it property-led or tourism-led, occurs in nearly all Asian cities. Such a phenomenon warrants scholarly investigation with the Marxist political economy approach. The author should have considered using examples of the development-conservation dilemma concerning built cultural heritage in the East. In addition, the subtitle of

the book is *Towards a political economy of the built environment*, and so the book is expected to focus on the built environment. Obeng-Odoom broadly defines the term “built environment”, relying on David Harvey’s (2006: 233) portrayal of the built environment as “a geographically ordered, complex, composite commodity”. Treating built environment economics and urban economics as equivalents will unescapably mislead and upset readers that are really interested in the “physical” built environment. Although the book explicitly discusses green buildings or eco-labelling for buildings, the author uses only six pages in the last chapter for the discussion. Several chapters of the book (e.g., Chapters 5, 6 and 8) are of little or no relevance to housing, buildings or urban infrastructure. To avoid confusion, the author should have rethought the book’s title to more accurately reflect its content. Alternatively, instead of informal economies, the author could have talked about informal settlements such as squatter housing and illegally converted accommodations in Chapter 5. In Chapter 6, urban poverty and inequality could have been replaced by urban decay or housing dilapidation. Chapter 8 should have devoted more attention to the political economic analysis of the rail-property development model or rail-led property development patterns. Last but not least, it seems that the author has ignored quite a few existing works on urban political economy that are highly relevant to the book. These works include, but are not limited to, John R. Logan and Harvey Luskin Molotch (1987), Todd Swanstrom (1993), J. Vernon Henderson and Randy Becker (2000), James Davis and J. Vernon Henderson (2003) and Eugene J. McCann (2004). Including these works would not only enrich readers’ understanding of what political economists have so far challenged and argued in the arena of urban economics (and also urban studies in a broader sense), but would also demonstrate the

empirical testability of political economic theories.

In conclusion, Obeng-Odoom’s book is highly recommended reading for students and researchers of urban studies, despite its confusing title. It vividly elucidates how political economic approaches can be used to provide alternative explanations to many urban phenomena.

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Information

The book’s internet site:

<https://www.zedbooks.net/shop/book/reconstructing-urban-economics/>