Contents

3.2

3.3

3.4

3.5

3.6

3.7

	Preface 1X
1	Why Cities Exist 1
1.1	Introduction 1
1.2	Scale Economies 2
1.3	Agglomeration Economies 5
1.4	Transport Costs and Firm Location 10
1.5	The Interaction of Scale Economies and Transportation Costs in the Formation of Cities 16
1.6	Retail Agglomeration and the Economics of Shopping Centers 18
1.7	Summary 20
2	Analyzing Urban Spatial Structure 23
2.1	Introduction 23
2.2	Basic Assumptions 25
2.3	Commuting Cost 26
2.4	Consumer Analysis 27
2.5	Analysis of Housing Production 33
2.6	Population Density 39
2.7	Intercity Predictions 42
2.8	Summary 50
3	Modifications of the Urban Model 51
	Introduction 51

Commuting by Freeway 56

Adding Employment Outside the CBD 57

Cities in Developing Countries 65

A City with Two Income Groups 51

Durable Housing Capital 61

Summary 68