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## A book review of

### “Order without design” by Alain Bertaud

This book sets out to convince his readership that (i.) urban planners and urban economists should both be consulted and employed in major planning departments for the benefit of urban dwellers, and that (ii.) cities can basically function without planners intervening too much by means of special design policies. Let me here briefly address the degree to which these two goals have in my view been achieved.

As an urban economist by training, and instructor of urban economics in a college degree in urban planning at Politecnico di Milano, I find this first goal useful. Some working knowledge of urban economics is fundamental to form knowledgeable urban planners, aware of the economic consequences of the decisions they make.

The book’s second goal seems instead to me only partially achieved. Holding that markets should be left substantially free to design cities is supported by the Author’s work experience with some prominent urban economists. In the book, evidence supporting this view is presented in an asymmetric way. This is illustrated by the discussion of urban sprawl, where the quote by Brueckner and Fansler (1983) about the “*emotionally-charged indictment of sprawl*” does little justice to the countless examples of empirical works showing that compact cities also tend to be more innovative and productive (Hamidi and Zandiatashbar, 2019).

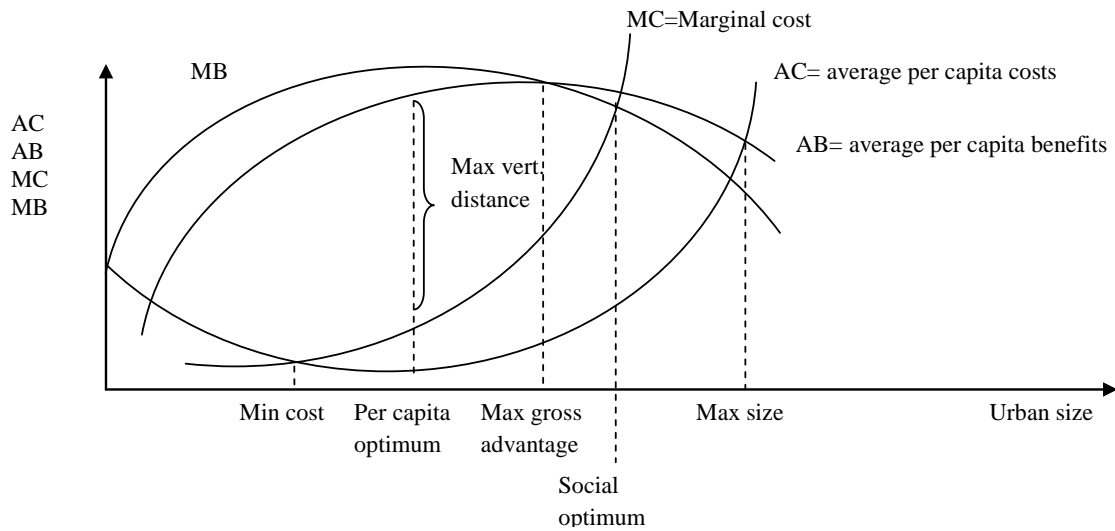
I feel rather disappointed to see this overly enthusiastic view that markets should be left totally free to decide.

On the one hand, markets work on the basis of perfect competition assumptions that are often violated. For instance, builders may keep increasing the supply of new buildings even though demand is not ready to fully absorb it, withholding information about the extent of unsold building stock; this is a clear case of the violation of the assumption of perfect information. Information asymmetries may also characterize the real estate market. This example illustrates the relevance of violations of the perfect competition model, and the second theorem of welfare economics dictates that in these situations a central planner should step in to reinstate the right conditions for the market to exert its welfare maximizing function.

On the other hand, policy objectives can be more differentiated than the monolithic narrative presented in Prof. Bertaud’s book. Let us now consider the following problem: should I allow an additional 300,000 square meters to be built on a downtown brownfield? The book’s reply is an enthusiastic yes: more dwellers and firms will increase the size of the urban labor market, thereby maximizing agglomeration economies.

Things get more complicated if different objective functions are taken into account. This point is illustrated in Figure 1, where city size is represented on the X-axis and marginal and average location costs and benefits (MC, MB, AC, and AB, respectively) are shown on the Y-axis.

**Figure 1. Optimal city size according to different criteria**



Source: Richardson (1978)

Arguing that cities should be left free to grow to adjust to exogenous shocks to demand hinges on the classical  $MC=MB$  optimality condition: consumers decide whether to relocate in the city as long as they gain more than what they lose. Nevertheless, each additional dweller increases location costs for existing inhabitants. Policies issuing a limited number of building permits (thereby limiting city size) obey the different objective of maximizing welfare levels for people already living in the city. This situation corresponds to the point where the distance between average location costs and average location benefits is maximized.

This point applies to the case, also mentioned in Prof. Bertaud’s work, of Amsterdam, where the post-WWII population boom was handled by planning two brand new towns on the IJsselmeerpolders, viz. Lelystad and Almere. The same exogenous shock that was handled in other major cities in Europe such as Rome, Marseille, and Paris by leaving builders free to expand city size, often ending in poor quality housing was in the Dutch case kept under tighter control. The result is present-day Amsterdam, a thriving city that generates countless benefits for local dwellers without incurring the costs also associated to city size.

One last remark pertains the audience of the book. I personally find it difficult to pinpoint for whom the book is actually written.

In my view the book cannot be used as a standard urban economics textbook, because many standard concepts in urban economics are here simply not treated. If anything, the book makes reference to some staple models (e.g. the Von Thünen-Alonso-Muth model of land rent) to illustrate the approach of urban economics to explain some urban phenomenon, without explicitly addressing the analytical implications of them.

On the other hand, this is an important book that condenses a lifetime experience in operational planning, thus requiring quite some (enjoyable) time to be read and understood. In this sense, I see it more amenable to be adopted as an optional reading in a Master’s or Ph.D. class for offering students insight into how urban economics can help planners design efficient cities.

The issues highlighted here should be taken as a suggestion (to both sides: urban planners and urban economists) to seek dialogue that can be *mutually* fertile across the two disciplines. One thing I fully agree with Alain Bertaud is that cities are becoming increasingly complex objects to manage, and the 21<sup>st</sup> century city will require a huge effort of cooperation across multiple disciplines, each of which has a lot to offer, and no unquestionable truth to hold to, be it the market, or design.

## References

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