

EC353: Urban and Regional Economics

Colby College
Fall 2018

Lecture: Tuesday and Thursday 9:30-10:45 in Diamond 342

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Office hours: Monday 1:00-2:00; Wednesday 11:30-12:30; Thursday 2:30-3:30 (or by appointment)

Course Description

This course provides an in-depth perspective on the economic activity of cities and regions. The focus of the course is on the use of economic theory to explain various urban phenomena with an emphasis on the role cities play in greater economic development. Specific topics covered include economic reasons for the existence of cities and specialized regions, urban spatial structure, urban sprawl, housing, local public goods and services, and urban quality of life.

What This Course Will Do for You

This course aims to make you a more astute urban observer by building up your knowledge and skill set in urban economy theory and its applications. You will learn to answer many questions, such as why people cluster next to each other in cities; why tall buildings are downtown and big houses are in the suburbs; why the rich and poor tend to live in different parts of the city; why housing is so expensive in some places; and even why Tucson is sometimes ranked as a better city to live in than San Diego. There are robust economic explanations for these patterns and we will examine them in this course. In the process, you will strengthen your analytical skills and expand the way you think about your urban surroundings.

Learning Goals

By the end of the course, you will be able to:

1. Solve and use the workhorse models of urban economics to help explain why cities exist, why they look the way they do, and why they differ from each other along many dimensions.
2. Evaluate the usefulness and shortcomings of these models.
3. Understand and trace the implications of a variety of city policies.
4. Engage with the academic literature in urban economics.
5. See cities through an economic lens.

Course Expectations

Expectations for me:

1. I will be come to class prepared and ready to engage with you about the material.
2. I will assess your work in a timely manner.
3. I will design lectures, discussions, and assignments around the learning goals above.

Expectations for you:

1. Come to class prepared and ready to engage with me and your classmates about the material.
2. Work diligently on class assignments and complete them on time.
3. Ask questions both inside and outside of class.

Course Structure

Assignments and exams will be constructed to help you accomplish the learning goals stipulated above. Class meetings will be a mix of lecture and discussion where active engagement is expected. Although I generally do not “cold call,” I will do so if I need to gauge how well you understand the material. I will not do this simply to pick on people. Learning is a give-and-take exercise, so if class is too one-sided, I will assume more needs to be done to help facilitate learning. Outside of class, to keep everyone up to date, I will send a weekly email (usually on Fridays) detailing the reading plan for the upcoming week and the material we will cover.

Prerequisites

EC223: Microeconomic Theory is required. EC293: Research Methods and Statistics and/or EC393: Econometrics is highly encouraged. Overall, I assume you are comfortable with optimization techniques, single-variable calculus, and basic statistical and econometric analysis.

Materials

The course will feature a variety of readings from a primary textbook (required), a popular book about cities (optional), and additional readings from academic journals. These additional readings will be made available on Moodle.

Required book: *Lectures on Urban Economics* by Jan K. Brueckner, 2011, ISBN: 9780262016360. Note that this book is available online as an ebook through the Colby Library.

Optional book (but a great one!): *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier* by Edward Glaeser, 2012, ISBN: 9780143120544.

Grading and Requirements

Your course grade will be determined on a standard scale by problem sets, a midterm exam, a final exam, a group project, one paper presentation/discussion, art museum response and participation, and participation in class meetings and quizzes. The following is the breakdown of the course:

Problem sets: 10%

Midterm exam: 20%

Final exam: 20%

Project: 25%

Paper presentations/discussions (group work): 10%

Art museum response and participation: 5%

Participation and quizzes: 10%

Problem sets: There will be several problem sets assigned throughout the semester. You are encouraged to form study groups and work on problem sets together. However, you are required to submit your own work. Also be aware that if you do not work through and understand the problem sets on your own, you will not be prepared for the exams. Problem sets will be announced in class at least one week before they are due. Assignments are due at the beginning of class. Late problem sets will NOT be accepted.

Project: You will work in groups of three on a project that will involve empirical investigation of ideas and models developed in class. You will gather data on house prices and perform basic regression analysis. You will be asked to draw upon concepts from the course and present your results at the end of the semester. The project will culminate in a final paper. Details about the project will be forthcoming.

Paper presentations/discussions: Once during the semester, your group (the same one you are working with on the project above) will present an assigned paper. Assignments will be made randomly. The possible articles for presentation are marked in the course schedule and readings. You will present the material from the article (research question(s), data, methods, and findings) and pose several discussion questions to the class. I will provide guidelines for the presentations at a later date. You will have 20-25 minutes to present and discuss the article.

Art museum response and participation: The response will be a short typed response to questions posed about our visit to the art museum during the semester. I will provide prompts about which to write before our visit. The paper will be due in the next class period. You will also be graded on your participation in the museum on the day of the visit.

Participation and quizzes: Credit will be earned through your daily participation in course readings, lectures, and discussion. On days when you are not discussing an article, and your fellow classmates are, you will be given a short quiz on the article reading.

Re-grade requests: You may resubmit any graded material with an additional sheet attached clearly explaining why you deserve a better grade. These requests are due within one week after the graded work is returned. If you choose to petition for a change to your grade, I will re-grade the *entire* work – not only the part in question. Remember, you are assessed on what is actually written on your paper, not what you meant to write.

Policies

Office hours: Please make use of my office hours to answer any and all questions you have about the course and the material. If you cannot reach me during my office hours, please email me to schedule an appointment.

Email: I aim to return emails within 24 hours. I usually respond more quickly than that, but sometimes it is not possible given semester schedules and daily obligations.

Disruptive behavior: Behaviors that are disruptive to teaching and learning will not be tolerated. Such behavior includes talking in class, use of electronic devices, and coming to class late or leaving early. I discourage the use of smartphones and laptops. It is distracting for those around you, for lecturers, and can be distracting for you.

There is also empirical evidence that students learn better and remember more by taking notes by hand. If you have a legitimate reason to use a cell phone during class, come late, or leave early, please let me know prior to lecture. Also, unauthorized audio and/or visual recording of the class is prohibited. Please see me if you have concerns about anything mentioned here and I will work with you to support your learning needs.

Diversity: It is my intent that students from diverse backgrounds and perspectives be well-served by this course, that students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength, and benefit.

Class and exam attendance: Although I do not take attendance, you are expected to attend all classes and scheduled course events during the semester and are responsible for all material assigned as readings and presented in class. Unexcused absences from exams will result in a grade of 'zero.' If you are going to miss a test because of an extracurricular event or observance of a religious holiday, please let me know within the first two weeks of class.

Academic honesty: I take academic dishonesty very seriously and believe strongly in the values articulated in the Colby Affirmation. Although you are encouraged to work and study with each other, ALL work submitted must be your own. Plagiarism, fabrication, cheating, and facilitating the academic dishonesty of others are serious offenses for which you will fail the course (or worse). Therefore, you should become familiar with the College's policy on academic dishonesty and the Colby Affirmation, which is found in the Colby Student Handbook.

Course Schedule and Readings

All readings other than those from *Lectures on Urban Economics* and *Triumph of the City* will be posted on Moodle. Please note that we may not cover all listed readings in detail, and additional readings may be added at any time. In the schedule below, all readings are required unless indicated as optional. *Disclaimer*: The course schedule and readings are guidelines and subject to change. Important dates include the following:

Midterm: October 11 (in class)

Fall break: October 16

Last day to drop: October 19

Art museum: November 15

No class: November 20 (make-up on November 29; see below)

Thanksgiving break: November 22

Project presentations: November 29 (normal class time and 4-5:15pm)

Final papers due: December 6

Final exam: December 12, 1:30pm

I. Economics of Urban Structure

- a. The monocentric model (9/11, 9/13, 9/18, 9/20)
 - i. *Lectures on Urban Economics*, Ch. 2
 - ii. *Triumph of the City*, Chs. 3 and 6 (optional)
 - iii. Ahlfeldt, G. M. and N. Wendland (2011). "Fifty Years of Urban Accessibility: The Impact of the Urban Railway Network on the Land Gradient in Berlin 1890-1936," *Regional Science and Urban Economics*, 41: 77-88.

- b. Location by income (9/25, 9/27)
 - i. *Lectures on Urban Economics*, Ch. 3 – Section 3.2
 - ii. Gin, A. and J. Sonstelie (1992). "The Streetcar and Residential Location in Nineteenth Century Philadelphia," *Journal of Urban Economics*, 32: 92-107.
 - iii. Glaeser, E., M. Kahn and J. Rappaport (2008). "Why Do the Poor Live in Cities? The Role of Public Transportation," *Journal of Urban Economics*, 63: 1-24. **[student presentation: 9/27]**

- c. Land-use controls and sprawl (10/2, 10/4, 10/9)
 - i. *Lectures on Urban Economics*, Ch. 4 – Sections 4.3 and 4.6
 - ii. *Triumph of the City*, Ch. 7 (optional)
 - iii. Glaeser, E., J. Gyourko and R. Saks. (2005). "Why is Manhattan So Expensive? Regulation and the Rise in Housing Prices," *Journal of Law and Economics*, 48(2): 331-370. **[student presentation: 10/4]**
 - iv. Ihlanfeldt, K. (2007). "The Effect of Land Use Regulation on Housing and Land Prices," *Journal of Urban Economics*, 61: 420-435. **[student presentation: 10/9]**

II. Urban Amenities and Quality of Life

- a. The Rosen-Roback Framework (10/18, 10/23, 10/25, 10/30)
 - i. *Lectures on Urban Economics*, Ch. 11
 - ii. *Triumph of the City*, Ch. 5 (optional)
 - iii. Ferrie, J. and W. Troesken (2008). "Water and Chicago's Mortality Transition, 1850-1925," *Explorations in Economic History*, 45(1): 1-16. **[student presentation: 10/25]**
 - iv. Gabriel, S.A. and S.S. Rosenthal (2004). "Quality of the Business Environment Versus Quality of Life: Do Firms and Households Like the Same Cities?" *The Review of Economics and Statistics*, 86(1): 438-444. **[student presentation: 10/30]**

III. Why Do Cities Exist?

- a. Scale economies, location fundamentals, and agglomeration economies (11/1, 11/6, 11/8)
 - i. *Lectures on Urban Economics*, Ch. 1 – Sections 1.2, 1.3, and 1.5
 - ii. *Triumph of the City*, Ch. 1 (optional)
 - iii. Glaeser, E.L. (1998). “Are Cities Dying?” *The Journal of Economic Perspectives*, 12(2): 139-160.
 - iv. Bleakley, H. and J. Lin. (2012). “Portage and Path Dependence,” *Quarterly Journal of Economics*, 127: 587-644.
 - v. Glaeser, E.L., H.D. Kallal, J.A. Scheinkman and A. Shleifer. (1992). “Growth in Cities,” *Journal of Political Economy*, 100(6): 1126-1152. **[student presentation: 11/1]**
 - vi. Glaeser, E.L. and D. C. Mare (2001). “Cities and Skills,” *Journal of Labor Economics*, 19(2): 316-342. **[student presentation: 11/6]**
 - vii. Glaeser, E. L., J. Kolko, and A. Saiz. (2001). “Consumer City,” *Journal of Economic Geography*, 1: 27-50. **[student presentation: 11/8]**

IV. Other Topics (subject to change)

- a. Public housing (11/13)
 - i. *Lectures on Urban Economics*, Ch. 7 – Section 7.3
 - ii. Collins, W.J. and K.L. Shester (2013). “Slum Clearance and Urban Renewal in the United States,” *American Economic Journal: Applied Economics*, 5(1): 239-273.
- b. Racial segregation in cities (11/27)
 - i. Cutler, D. M., E.L. Glaeser, and J.L. Vigdor (1999). “The Rise and Decline of the American Ghetto,” *Journal of Political Economy*, 107(3): 455-506.
- c. Local public goods and competition between municipalities (12/4, 12/6)
 - i. *Lectures on Urban Economics*, Ch. 8 – Sections 8.1-8.3.2
 - ii. *Triumph of the City*, Ch. 4 (optional)
 - i. Boustan, L.P. (2013). “Local Public Goods and the Demand for High-Income Municipalities,” *Journal of Urban Economics*, 76: 71-82.