

Econ 342: Urban Economics

Hamilton College

Fall, 2019

SYLLABUS

TIME & LOCATION

Tuesdays & Thursdays 10:30-11:45 PM in KJ-127 (Red Pit)

INSTRUCTOR

Mo Alloush

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Office Location: KJ-218

Office Hours: Wednesdays 2-4 PM

Thursdays 4-6 PM

If you cannot make it during these times, email me and we can schedule an appointment.

COURSE DESCRIPTION

Traditional economic models are spaceless. Yet it is obvious from our daily lives that location matters in our everyday choices for a myriad of reasons – most importantly that space, itself, is a scarce resource. This course integrates space into economics models and focuses on the role that location plays in the decision-making of firms and households. We use these models to first answer important big-picture questions such as why do cities form? Why do people choose to live in cities? Are cities too big? What determines the economic growth of a city? Which policies can alter the size and shape of a city?

We will then address a second set of questions that pertain to location within cities and regions such as: Why do businesses choose to agglomerate? What explains the trends in rural to urban migration that we observe happening all over the world? Why is there geographical variation in poverty and individual well-being? How is the price of land determined? What is special about the housing and land market?

Economics offers rigorous tools to answer these questions. After exploring the literature on these topics, we will analyze the economic challenges that arise because we are living in cities. We will focus on many specific urban economic issues such as provision of public goods, poverty and inequality, transportation, crime, housing discrimination and policy, education, unequal access to services, and local government economics. Along the way, we will study ways in which we can address some of these important problems and how to design effective and inclusive urban policy.

The course will be mainly focused on urban issues in the U.S. but it will touch on urbanization around the world and in developing countries specifically and the role that urbanization and cities play in aggregate economic development.

Prerequisites: The course formally requires that you have had at least an introductory course in microeconomics (such as Econ 100), however completing courses such as Econ 166 and Econ 265 (Economic Statistics) is encouraged prior to taking this course. I will assume that you are familiar with basic concepts from consumer and producer economics (production functions, utility, cost curves, diminishing marginal product, etc.) as well as basic statistical concepts (mean, variance, standard deviation, etc.). The course will be issue oriented but will make rigorous use of the tools and techniques of applied economic analysis. Familiarity with basic Excel functions is recommended as several problem sets will require Excel use.

Learning Objectives: By the end of this semester, you will:

1. Understand economic theories related to urban economics and the main issues around the importance of location. This will allow you to:
 - a. Identify the factors that have driven the growth and decline of cities and that drive it today.
 - b. Recognize the advantages and disadvantages of spatially concentrating people and economic activity.
 - c. Evaluate who wins and who loses from policies that encourage local economic growth.
 - d. Examine the environmental costs of urbanization and suburbanization while recognizing the potential benefits.
 - e. Analyze the causes, consequences, and costs of segregation in metropolitan areas.
 - f. Identify challenges facing cities in the future and how cities can manage them.
 - g. Write clear economic arguments advocating for policies to address such challenges as urban poverty, racial segregation, disease, mass transit issues, and crime.
2. Be aware of where the field of urban economics currently is, the direction it is going, and how it is shaping urban and regional policy in the US and around the world.
3. Be able to apply these concepts verbally, graphically, and mathematically in order to analyze complex real-world issues.

Textbook: The required textbook for this course is *Urban Economics*, Ninth Edition (2018) by A. O’ Sullivan. I will also assign readings from *City Economics* (2005) by Brendan O’Flaherty (chapters will be posted on Blackboard). We will draw on a range of additional material including journal articles from economics and sociology. All additional material will be available for download on the course website.

If you are interested in learning more about urban economics, you are encouraged (but **not required**¹) to read one (or more!) of the following books on urban economics and challenges faced in urban areas in both the U.S. and around the World:

***Triumph of the City* (Edward Glasear) – Highly recommended!**

The Death and Life of Great American Cities (Jane Jacobs)

Makeshift Metropolis: Ideas about Cities (Witold Rybczynski)

Behind the Beautiful Forevers (by Katherine Boo)

Who’s Your City? (Richard Florida)

Cairo: Histories of a City (Nezar AlSayyad)

Evicted (by Matthew Desmond)

The Environmental Advantages of Cities (William Meyer)

Off the Books: The Underground Economy of the Urban Poor (by Sundhir Venkatesh)

¹ These will not be tested: I chose to list these books because they helped shape my understanding of urban economics; I want this list to be a resource for you if you are interested in reading more on these topics.

COURSE FORMAT

A detailed course outline begins on Page 6. Learning any material well requires active engagement. I would like you to view me as a facilitator of your learning process: In class, I will explain new concepts, discuss important points, and add context to the assigned material. Importantly, I want you to view the class as an ongoing informed and engaged discussion with me and your classmates.

Familiarize yourself with the information in the assigned readings prior to class. Engagement with the material during class will reinforce your learning. If something is unclear or you need additional help, please ask, in lecture, discussion section, or my office hours.

This course is a 14-week semester-long course yet it will move at an accelerated pace. It is important to keep up with the readings and materials. The assignments, quizzes, participation grade, midterm, and final are all designed to incentivize and reinforce your learning.

Attendance: I expect you **to attend all classes and sections**. You are responsible for all material covered in class. I will not formally take attendance, however, the participation portion of your grade will suffer should you skip many classes.

Hand Raise & Phone Check: In-class engagement is critical to learning. I will frequently ask questions and encourage students to answer them. Active discussion will be a normal part of classroom lectures. If you'd like to participate in class, you can do so by: (1) raising your hand or (2) checking your phone.

Blackboard Website: You will access course materials, reading and other information and complete bi-weekly quizzes via the course Blackboard website at <https://blackboard.hamilton.edu>. It is your responsibility to visit the site often. I will use Blackboard to record your grades in the class. It is your responsibility to verify that these scores are properly recorded.

Grading: Your grade in this course will be based on total points earned and weighted as follows:

Attendance and Participation	10%
Online Quizzes (6)	10%
Assignments (4)	15%
Midterm Exam	20%
Program Proposal & Presentation	20%
Comprehensive Final Exam	25%

Participation: I expect you **to attend all classes**. When in class, I expect you do contribute to the discussion, answer my questions, and ask informed ones. Your participation grade will be based on the quality of your in-class comments as well as the quality of the feedback you give to your fellow students during and after their program proposal presentations.

Online Quizzes: Nearly every other week you will complete a quiz on Blackboard that covers the material from the last two weeks' classes. These **quizzes must be completed via Blackboard by on its due date by 11:59 PM** and will not be accepted late. I will drop your lowest quiz score when calculating your final grade.

Assignments: Four assignments will be due on the dates indicated in the course schedule below. The description and the data for the exercises will be available on Blackboard. Answers to the assignments must be typed and submitted individually. Handwritten assignments **WILL NOT BE ACCEPTED**. I take writing very seriously and expect you to approach your homework assignments like a professional report. Points will be taken off for incomplete or unclear sentences. Assignments will require you to present and discuss graphs. Points will also be taken off for any graph that has a

missing title or axis label. **Late assignments (without justification) will not be accepted.** I will drop your lowest assignment score.

Small Scale Program Proposal: In the latter half of the semester, you will work in groups of up to three students to prepare a proposal for an innovative small-scale pilot program. You will use concepts from the class to make a compelling case for your proposed program that aims to address one of the main challenges faced in an urban setting of your choosing.

Effective proposals must do more than just drop terms from class into the text; they must demonstrate creativity and a strong understanding of the concepts covered in class. Your proposed program should address one (or more) of the difficulties that urban areas or the people living in these areas face and should have an impact evaluation plan. The proposal should be no more than 5 pages long. You can find more instructions on page 10 of the syllabus. I will dedicate time at the end of the semester for group presentations. This exercise requires creativity, teamwork, and effective communication – important skills that I will help you refine throughout this project.

Regrade Policy: All requests must be submitted within one week of receiving the grade back in the form of your original work and a written explanation of why you believe your assignment/exam should be regraded. If you submit a regrade request, **your whole exam/problem set will be subject to regrade.**

COURSE MISCELLANEOUS

Code of Academic Conduct: Students are expected to understand and abide by the Hamilton College Honor Code (<https://www.hamilton.edu/student-handbook/studentconduct/honor-code>). Any violations of this Code will be treated seriously and reported to the Director of Community Standards.

You are expected to do your **own academic work**: failing to do so is **scholastic dishonesty**. Scholastic dishonesty includes cheating on examinations or assignments; copying assignments from old answer keys; engaging in unauthorized collaboration on academic work; plagiarizing; taking, acquiring, or using test materials without faculty permission; falsifying records to dishonestly obtain grades; fabricating or falsifying data or data analysis results.

If you have additional questions, please ask me. I can respond to your specific questions regarding what would constitute scholastic dishonesty in the context of this class.

Email: <http://web.wellesley.edu/SocialComputing/Netiquette/netiquetteprofessor.html>

Disabilities: Hamilton College will make reasonable accommodations for students with properly documented disabilities. If you have a learning disability or a physical disability that requires accommodation, please meet with me during the first two weeks of class. All discussions will remain confidential. You will need to contact Allen Harrison in the Dean of Students Office (Elihu Root House; ext 4021) who coordinate services for students with disabilities.

Mental Health & Stress Management: As a student you may experience a range of issues that can cause barriers to learning. This includes strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance and may reduce your ability to participate in daily activities. The source of symptoms might be strictly related to your course work; if so, please speak with me.

It is important to know that Hamilton College has services that are available to assist you. You can learn more about the broad range of confidential psychological care services available on campus via the Hamilton College Counseling Center: <https://www.hamilton.edu/offices/counselingcenter>. The College provides mental health services to support the academic success of students. Confidential and free psychological services are available to help you manage personal challenges that may threaten your well-being.

In the event that I suspect you need additional support, I will express my concerns and the reasons for them to you, and remind you of resources that might be helpful to you. It is not my intention to know the details of what might be bothering you, but simply to let you know I am concerned and that help, if needed, is available.

Getting help is a smart, often difficult, and always courageous thing to do.

Courtesy: As a courtesy to your fellow students and me, be respectful. Be on time for class. If you arrive late or leave early, please do so quietly. Do not use your cell phones, tablets, or laptops during lecture other than for class purposes. You may not take pictures of my notes or otherwise take recordings during class—I expect and encourage you to write down your own notes.

Hamilton College is a diverse community comprised of individuals having many perspectives and identities. In order to create an inclusive and intellectually vibrant community, we must understand and value individual differences and common ground. The Hamilton College Guiding Principles (<https://www.hamilton.edu/student-handbook/studentconduct>) reflect the ideals I seek to uphold in this class.

COURSE SCHEDULE

This sketch of topics, readings and assignments may change slightly as we proceed. Readings are from the O’ Sullivan (9th edition) textbook unless otherwise specified. Readings not in the textbook are available on the course website. Required readings are designated by *. You are highly encouraged to read the introductions and conclusions of the other listed readings.

Week	Topics & Readings	Assignments
1 08/29	Introduction to Urban Economics & Course Overview *Ch.1 “Introduction” *Glaeser, Edward L. (1996). Why Economists Still Like Cities. <i>City Journal</i> •Glaeser, Edward L. (1998). Are Cities Dying? <i>Journal of Economic Perspectives</i>	
2 09/03 & 09/05	Location Matters *Ch.2 “Key Concepts of Urban Economics?” *Ch.3 “Trading and Factory Towns?” •Carlino, Gerald (2011). Three Keys to the City: Resources, Agglomeration, and Sorting. <i>Business Review</i> . •Elison, Glenn & Edward L. Glaeser (1999). The Geographic Concentration of Industry: Does Natural Advantage Explain Agglomeration? <i>American Economic Review</i> .	Assignment 1 distributed 09/05 Online Quiz #1
3 09/10 & 09/12	Cities: Why & Where? *Ch.4 “Agglomeration Economies” *Ch.5 “Where do Cities Develop?” •Moretti, Enrico (2004). Human Capital Externalities in Cities. <i>Handbook of Urban Economics</i> •Glaeser, Edward L., Jed Kolko, and Albert Saiz (2001). Consumer City. <i>Journal of Economic Geography</i> .	Assignment 1 due 09/12
4 09/17 & 09/19	City Size, Growth, & Urban Labor Markets *Ch.6 “Consumer Cities and Central Places” *Ch.7 “Cities in a Regional Economy” •Henderson, Vernon (2002). Urbanization in Developing Countries. <i>The World Bank Research Observer</i> .	Assignment 2 distributed 09/17 Online Quiz #2
5 09/24 & 09/26	Land Use and Land Rent *Ch.8 “The Urban Labor Market” *Ch.10 “Land Rent and Manufacturing Land” •Glaeser, Edward (2007). The Economic Approach to Cities. <i>NBER</i> •Burchfield, Marcy, Henry G. Overman, Diego Puga, and Matthew A. Turner (2006). Causes of sprawl: A portrait from space. <i>The Quarterly Journal of Economics</i>	Assignment 2 due 09/27

<p>6</p> <p>10/01 & 10/03</p>	<p>Housing & Spatial Distribution</p> <p>*Ch.11 “Office Space and Tall Buildings” *Ch.12 “Housing Prices and Residential Land Use”</p> <p>•Kahn, Matthew (2000). The environmental impact of suburbanization. <i>Journal of Policy Analysis and Management</i></p> <p style="text-align: right;">Online Quiz #3</p>
<p>7</p> <p>10/08 & 10/10</p>	<p>Urban General Equilibrium & Midterm</p> <p>*Ch.13 “Spatial Distribution of Employment and Residence” *Ch.14 “Monocentric City and Urban General Equilibrium”</p> <p>•Diamond, Rebecca, Tim McQuade, and Franklin Qian (2018). The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco. <i>NBER</i> •Quigley, John, and Steven Raphael (2004). Is Housing Unaffordable? Why Isn’t It More Affordable? <i>Journal of Economic Perspectives</i></p>
<p>8</p> <p>10/15</p>	<p style="text-align: center;">Midterm on 10/15 Fall recess 10/17</p>

Schedule continued on next page.

Week	Topics & Readings	Assignments
9 10/22 & 10/24	Urban Issues: Neighborhoods, Discrimination, & Poverty *Ch.15 “Neighborhoods” *Ludwig et al. (2012). Neighborhood Effects on the Long-Term Well-Being of Low-Income Adults. <i>Science</i> *Chetty, Raj, Nathan Hendron, and Lawrence Katz (2016). The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project. <i>American Economic Review</i> (executive summary)	Assignment 3 distributed 10/25 Online Quiz #4
10 10/29 & 10/31	Urban Issues: Education & Crime *Ch.17 “Urban Housing and Public Policy”	Groups due 10/31 at 5:00 PM
11 11/05 & 11/07	Transportation *Ch.18 “Cars and Roads” • Ian Parry, Margaret Walls, and Winston Harrington (2007). Automobile externalities and policies. <i>The Journal of Economic Literature</i>	Assignment 3 due 11/04 at Noon Project Proposal Idea (1 paragraph) due 11/07 Online Quiz #5
12 11/12 & 11/14	Cities and the environment *Ch.11 “Urban Public Transit”	Assignment 4 distributed 11/12
13 11/19 & 11/21	Cities and the environment *Chapter 7 in City Economics. Brendan O’Flaherty *Glaeser, Edward. Green Cities, Brown Suburbs (Follow Link) • Matthew Khan and Randall Walsh (2015) “Cities and the Environment” <i>Handbook of Urban Economics</i> (*Introduction)	Assignment 4 due 11/19 Project Proposal: One-Page Draft Due 11/21

<p>14</p> <p>12/03 & 12/05</p>	<p>Urbanization in Developing Countries</p> <p>*Collier, Paul and Anthony Venables (2017). Urbanization in Developing Economies: the Assessment. <i>Oxford Review of Economic Policy</i></p> <p>*Chauvin, Juan Pablo, Edward Glaeser, and Kristina Tobio (2017). What is Different About Urbanization in Rich and Poor Countries? <i>Journal of Urban Economics</i>.</p> <ul style="list-style-type: none"> •Castells-Quintana, David (2017). Malthus Living in a Slum: Urban Concentration, Infrastructure and Economic Growth. <i>Journal of Urban Economics</i>. •Brueckner and Lall (2015). Cities in Developing Countries: Fueled by Rural-Urban Migration, Lacking in Tenure Security, and Short of Affordable Housing. <i>Handbook of Regional and Urban Economics</i>. <p>Looking to the Future</p> <p>*Glaeser, Edward L., “Demand for Density? The Functions of the City in the 21st Century.” <i>The Brookings Review</i> (2000): 12–15.</p> <p>*Hyman, Louis. “The Myth of Main Street.” <i>The New York Times</i>, April 8, 2017.</p> <p style="text-align: right;">Online Quiz #6</p>
<p>15</p> <p>12/10 & 12/12</p>	<p>Project Proposal Presentations</p> <p>Project Proposal Due 12/13 8:00 PM</p>
<p>16</p>	<p>Comprehensive Final Exam Thursday December 19 at 7:00 PM</p>