

ECON 4377, Section 13902
Urban Economics

Overview: In this undergraduate course you will learn about the economics of cities. First, we will discuss the economic advantages (and disadvantages) when competing activities locate in close proximity. Next, microeconomic decision-making by firms and consumers will be explored and the impact of those decisions on urban spatial structure within cities will be discussed. Differences between cities will be examined in terms of population, wages and quality-of-life. The last part of the course covers selected urban problems and policies including transportation and congestion; housing markets; urbanization and climate change; and local public finance.

Learning Outcomes:

- Students will be able to use urban economic terminology and models appropriately and correctly.
- Students will be able to analyze and interpret quantitative data about the urban economy.
- Students will be able to organize and present material in a systematic framework based on urban economic models.

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hours: 4:30-5:30 pm TTh or by appointment

web pages: <http://www.uh.edu/~kohlhase> (general information)
<http://www.uh.edu/blackboard> (Blackboard Learn class website,
password access)

TA: AA Mashrur (“Mashrur”), office 203A McElhinney, office hours by appointment.
Email: mmashrur@uh.edu

Textbooks: (B) Jan K. Brueckner, *Lectures on Urban Economics*, MIT Press, 2011, ISBN 978-0-262-01636-0 (*required*).

(AM) Richard J. Arnott and Daniel P. McMillen, *A Companion to Urban Economics*, Blackwell, 2006. (*recommended*); we will read a few chapters from this book of readings.

(OS) Arthur O’Sullivan, *Urban Economics*, 8th edition, McGraw-Hill, Irwin, 2012 (*recommended*); we will read a few chapters from this textbook. Also a chapter from the 7th edition, 2009.

Other Readings: Selected journal articles and/or book chapters will also be assigned during the semester and will be posted on Blackboard (*Note*: chapters from the Brueckner text will not be posted on Blackboard).

Course Evaluation:

20%	Midterm Exam 1	(Thurs. Feb. 14, 2019 in class)
20%	Midterm Exam 2	(Thurs. March 28, 2019 in class)
45%	Final Exam	(Tues. May 7, 2019, 11am-2pm, in regular classroom)
15%	Homework Sets	(3-4 assigned throughout the term)

Exams are problem oriented and will have short discussion and graphical analysis components. The final exam is comprehensive. Group homeworks by up to *two* students are encouraged, and do not need my prior approval for the homework groups. All group members receive the same grade.

COURSE POLICIES: All assignments are required and must be completed and handed in on time. Original hardcopies of homeworks are required; I do NOT accept electronic submissions of homeworks. **NO MAKEUP EXAMS!** Any absence from an exam or quiz for medical reasons must be documented by your physician. Any other absence from an exam must be approved by me *in advance* in writing. Unapproved absence from any exam counts as a zero. <http://publications.uh.edu/content.php?catoid=8&navoid=1352>

Classroom Conduct: I expect you to attend all classes and actively engage in the discussions. I also expect you to arrive on time. Please turn off your mobile devices during class.

Academic Honesty: To cultivate an environment of academic integrity, the University of Houston expects students to abide by the University's Undergraduate Academic Honesty Policy, found in the Undergraduate Catalog. <http://www.uh.edu/academic-honesty-undergraduate>. **All exams and homeworks are covered by the UH Honesty policy.**

Student Conduct Policy: CLASS students are expected to abide by the University of Houston's Code of Student Conduct: (<http://www.uh.edu/dos/behavior-conduct/student-code-of-conduct/>)

Counseling and Psychological Services: Counseling and Psychological Services (CAPS) -- www.uh.edu/caps-- are available for students having difficulties managing stress, adjusting to college, or feeling sad and hopeless. You can reach CAPS by calling 713-743-5454 during and after business hours for routine appointments or if you or somebody you know is in crisis. The "Let's Talk" program provides a drop-in consultation service at convenient locations and hours around campus. http://www.uh.edu/caps/outreach/lets_talk.html

Students with Disabilities: The College of Liberal Arts and Social Sciences, in accordance with 504/ADA guidelines, is committed to providing reasonable academic accommodations to students who request them. Students seeking accommodation must register with the Center for Students with Disabilities (CSD) 713-743-5400 and present approved documentation to me as soon as possible.

Course Outline*

Topic	Description	Readings
1.	Introduction: What is urban economics? How do we measure cities?	Glaeser, <i>Triumph of the City</i> , 2011, "Introduction," pp. 1-15. <i>AM-3 (The First Cities)</i>
	---Review (on your own) tools of microeconomics	OS--Appendix
2.	Why do cities exist?	B-1
3.	Firm location and cities	B-1.4
	a. Transport costs and firms	OS-2 <i>Appendix on Weber model</i>
	b. Clustering of firms & agglomeration economies	OS-3 <i>Why do firms cluster?</i>
		<i>AM-1(The Micro Empirics of Agglomeration Economies)</i>
4.	Why are cities different sizes? Are earnings higher in larger cities?	OS-4 <i>rank-size-rule</i> Beeson & Groshen "Components of City-Size Wage Gaps," <i>Economic Review Fed. Reserve Bank of Cleveland</i> , 1991.
5.	Can we measure the quality of life (QOL)? How do we compare QOL between Cities?	B-11 <i>AM-28 (Measuring Quality of Life)</i>
6.	Resource allocation within cities	
	a. Land use in a monocentric city	B-2 <i>OS-Introduction to land rent</i> von Thunen handout handout on Brueckner model of urban land rent <i>AM-6 (Monocentric Cities)</i> <i>AM-8 (Testing for Monocentricity—omit section 8.3.2)</i> handout on population and employment densities
	b. Land use in polycentric and decentralized cities	B-3; handout on non-monocentric cities

Topic	Description	Readings
7.	Urban transportation issues—road congestion	B-4.3.2; B-5
		handout--congestion in US cities
		handout—congestion policies in Hong Kong, Singapore, Shanghai, and London
8.	Urban Housing Issues	
	a. Housing demand and tenure choice	B-6
	b. Externalities in housing markets	Kohlhase handout on Superfund sites impact on housing markets
	c. Housing policies	B-7
9.	Urbanization and Climate Change	<p>Glaeser, <i>Triumph of the City</i>, 2011, ch. 8, “Is There Anything Greener than Blacktop?”</p> <p>Glaeser & Kahn, “The Greenness of Cities: CO2 Emissions and Urban Development,” <i>Journal of Urban Economics</i>, vol. 67, 2010, pp. 404-418.</p>
10.	Local public goods and services	B-8
11.	The future of US cities and cities around the world	<p>Glaeser and Kohlhase, “Cities, Regions and the Decline in Transport Costs,” <i>Papers of the Regional Science Association</i>, vol. 83, 2004, pp.197-228.</p> <p>Kohlhase, “The New Urban World 2050: Perspectives, Prospects and Problems,” <i>Regional Science Policy and Practice</i>, vol. 5(2), June 2013, pp.153- 165.</p>

*NOTE: Journal articles are posted on Blackboard. I will most likely assign a few additional articles during the course.