

Fall 2016
MW 4-5:30pm 108M

Prof. Janet Kohlhase
University of Houston

ECON 4377, Section 27478
Urban Economics

Overview: In this undergraduate course you will learn much 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 overall urban spatial structure will be discussed. In the last part of the course, selected urban problems and policies will be examined as time allows. We will discuss such issues as transportation and congestion; housing markets; and local public finance. Part of your coursework includes a small empirical research project.

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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<http://www.uh.edu/blackboard> (Blackboard Learn class website, password access)

TA: Hamza Zahid, office 203A McElhinney, office hours by appointment. Email: 88hzahid@gmail.com

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: Other articles may be assigned during the semester. Selected readings (not the Brueckner text) will be posted on Blackboard.

Course Evaluation:

20%	Midterm Exam 1	(Wed. Oct. 5, 2016)
20%	Midterm Exam 2	(Wed. Nov. 9, 2016)
35%	Final Exam	(Fri. Dec. 9, 2016, 5-8pm)
10%	Homework Sets	
15%	Empirical Research Project (due Friday Dec. 2, 2016 by 3pm in my Economics mailbox, room 204M)	

The research project should be about 5-8 typewritten pages (not including graphs and appendices). In the project, you will do original research by analyzing a current urban economics problem using published data that I will provide (or explain how to access online). I will offer several different urban issues from which to choose, or you may select your own topic with my prior written permission. Group projects by up to *two* students will be allowed *subject to my prior written approval*. The group project will be expected to be longer and done in more depth than projects done by one student. 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. Exams are problem oriented and will have short discussion and graphical analysis components.

Course Policies:

All exams, homeworks and project are mandatory. No late assignments accepted; if not turned in on time you will receive a zero for the assignment. Hard copies of homeworks and projects are required; no electronic submissions will be accepted. No makeup exams. Any absence from an exam for medical reasons must be documented by your physician. Any other absence from an exam must be approved by me *in advance* in writing. An unapproved absence from any exam counts as a zero on the exam. **All exams, homeworks and research memo are covered by the Honesty code of UH** <http://publications.uh.edu/content.php?catoid=8&navoid=1352>

Course Outline*

Topic	Description	Readings
1.	Introduction: What is urban economics? How do we measure cities?	AM-3 (<i>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 Why do firms cluster?
		AM-1(<i>The Micro Empirics of Agglomeration Economies</i>)
4.	Why are cities different sizes?	OS-4 <i>rank-size-rule</i>
5.	Can we measure the quality of life (QOL)? How do we compare QOL between Cities?	B-11
		AM-28 (<i>Measuring Quality of Life</i>)
6.	Resource allocation within cities	
	a. Land use in a monocentric city	B-2
		OS- <i>Introduction to land rent</i>
		von Thunen handout
		handout on Brueckner model of urban land rent
		AM-6 (<i>Monocentric Cities</i>)
		AM-8 (<i>Testing for Monocentricity</i> —omit section 8.3.2)
		handout on population and employment densities
	b. Land use in polycentric and decentralized cities	B-3
		handout on non-monocentric cities
7.	Urban transportation issues—road congestion	B-4.3.2
		B-5
		handout--congestion in US cities

Topic	Description	Readings
		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.	Local public goods and services	B-8
10.	Epilogue: 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. 6(2), June 2013, pp.</p>

*NOTE: I most likely will assign a few additional articles during the course, typically posted on my Blackboard course website.