



**Econ 320 – Urban Economics
Spring 2018**

Instructor: Joel Kaiyuan HAN, PhD
Email: jhan12@luc.edu ("ECON 320" in subject. Reply by the next business day)
Office Phone: 312-915-6146
Office Location: Schreiber 714
Office Hours: Mon/Wed 10:30am – 11:50am
Tues 10am – 11:30am

Course Description:

- This course analyzes the economic role and functioning of cities and examines urban issues such as real estate markets, transportation, economic development, and crime
- This course fulfills the theory requirement of the Urban Studies Minor
- Prerequisites: Sophomore standing, minimum grade of "C-" in Econ 201 and 202

Course Overview:

- This course is a critical study of the economic role and functioning of cities. The effect of changes in the economic base of the cities on the location and distribution of economic activity is studied. Particular attention is given to the role of land prices, population, housing, income, employment, spillovers, transportation, and local public finance and expenditure. Students should be prepared for extensive mathematical problem solving and graphical analysis.

Course Objectives and Learning Outcomes

Students will be able to

- Understand and apply the axioms of urban economics to the characteristics of a particular city
- Explain the model of spatial equilibrium within a city and across cities in a region
- Analyze the role of the labor market, amenities, and other factors on spatial equilibrium
- Understand the role of market failure in urban economies and assess possible solutions

Required Materials

- *Urban Economics*, O'Sullivan Arthur, 8th Edition. (ISBN: 978-0073511474).
- Additional readings posted on Sakai. Assigned readings should be completed **before class**. All students are expected to read at least the abstracts of assigned discussion papers.
- Additional course materials posted on Sakai.

Suggested Supplementary Resources

- Optional readings will be posted on Sakai

Course Requirements

- Homework: There will be 3 homework assignments posted on Sakai.
- Exams: There will be 1 in-class midterm and 1 cumulative final.
- Essay: Students are expected to write a final paper, due on the last day of class.

- Discussion: Students are expected to participate in class discussions, and formally lead class discussion on one paper during the semester.
- Extra credit: Occasionally, extra-credit questions will be given on exams. Any points gained will be added to the total score for that exam. **Otherwise, no extra-credit will be given.**

Grade Calculation

- Final scores for the course will be determined as a weighted average, using the following weights:
 - o Homework 10% x 3 = 30%
 - o Leading Discussion 10%
 - o Class Participation 5%
 - o Final Paper 15%
 - o Midterm 20%
 - o Final 20%
100%
- Letter grade bands will be curved. Different letter grade bands will be set for each category, Final grade bands will be calculated as a weighted average, using the same weights as above.
- Cumulative grades will be posted on Sakai as course requirements are fulfilled.

Important Dates

- Friday 3/2: Midterm
- Friday 5/4, 9-11am: Final

Homework

- Three homework assignments will be issued during the semester. Students are encouraged to work on the answers in groups. However, each student must submit their own assignment.
- **Late assignments will not be accepted** and will be issued a ZERO score.
- Assignments may be submitted in two ways:
 - o **(preferred) Paper form:** Assignments may be submitted in paper form at the **beginning of class**, on the due date. Multiple sheets must be stapled.
 - o **Sakai:** If you are unable to make it to class, you may submit your assignment as a scanned PDF file on Sakai. The file must be uploaded by **11:59pm**, on the due date.
- Alternative submission formats will not be accepted. These include: leaving homework under my office door, emailed homework, etc.
- Answers to the homework assignments will be posted on Sakai. Paper homeworks will be returned in class or during office hours.

Leading Class Discussion

- Each discussion paper in the syllabus will be assigned to 2 or 3 students.
- Each assigned student should read the paper carefully and be ready to answer the following discussion questions:
 - o What is the main question?
 - o Why is this question important and/or difficult to answer?
 - o What are the main answers to the research question?
 - o (More questions, specific to each paper, will be posted on Sakai)
- Some papers perform complicated statistical analysis, or create a detailed economic model. Students are not expected to understand or explain the technical details of such papers. A thorough reading of the non-technical parts of each paper (e.g. Introduction, Data, Conclusion...) is enough to receive full credit.

- Each student will be assigned TWO discussion papers during the course of the semester.
- Student preferences for dates/papers will be obtained, and the presentation schedule posted by the end of Week 1. Students must provide advance notice (72 hours) if they are unable to present the paper as scheduled.
- Unless prior notice is provided, missed discussions will result in a ZERO score. With prior notice, students may be given the opportunity to present at a later date, or have the grading weights adjusted.

Final Paper

- For the final paper, students are required to choose a particular city. Students will write about a current public policy issue affecting this city. Possible topics include rent control, congestion, public education, crime, and pollution.
- The paper should describe the public policy issue in the context of the chosen city. Students should do some preliminary research to ensure that there is sufficient information available on the chosen topic.
- The paper should be well-referenced, and must cite at least 2 relevant academic articles. The articles need to be relevant to the public policy issue being discussed, but not necessarily to the city. A successful paper will discuss how/to what extent the academic knowledge from these articles and from class might be applied to the public policy issue in a practical manner.
- Format: The paper should be 4-6 pages long, double spaced, in Times New Roman 12 point font, with 1 inch margins on all sides. Graphs, tables and citations should be placed in an appendix, which does not count towards the page limit.

Classroom Expectations

- To minimize distractions, laptops and electronic devices should only be used in the back row. Phones must be placed on silent mode.
- Take responsibility for your own learning: ask questions when the teaching is unclear. Engage in discussions. Inform me early if you are facing difficulty with the class.
- Students requiring special accommodations (with SSWD approval) must inform the instructor before the 2nd week of class.

Attendance

Class attendance is mandatory and essential to the value of the learning experience. Students are expected to attend all class sessions in order to pass the course. While there is no formal attendance policy, class participation grades are determined based on **in-class** discussion.

If a student misses a class due to unavoidable circumstances, it is the student's responsibility to cover the missed material using the textbook or posted slides, or the help of classmates. Most of the subjects in a course are sequential. Therefore, it is important to understand the material covered in the missed class before the next class.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty,

military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If the student misses an exam, the student will be assigned a ZERO score for that exam. To avoid this outcome, it is the student’s responsibility to provide third-party documentation of a valid excuse, no later than 24 hours after the scheduled start of the exam. If (and only if) such documentation is provided, two options are available: a make-up exam may be scheduled at suitable date and time. No make-up exams will be scheduled after the original exam has been returned to the class. If a make-up midterm cannot be scheduled, the weight will be shifted to the final. If a make-up final cannot be scheduled, the student will be assigned an “Incomplete” and re-take the exam in the next semester.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Course Outline

This class may occasionally deviate from the course outlined above. The instructor reserves the right to make changes as needed to the course syllabus. For the most up-to-date information, consult the Lessons page on Sakai.

Papers marked with * are required discussion papers.

<u>Week Number</u>	<u>Date</u>	<u>Topic & Assignment/Reading</u>
1	1/17, 1/19	Introduction (+ overview of key concepts) [O’Sullivan] Chapter 1 *Gould Ellen and Regan (2011) “How Low-Income Neighborhoods Change”.
2	1/22, 24, 26	Why do Cities Exist? [O’Sullivan] Chapter 2 *Glaeser, Kolko, Saiz (2001). “Consumer City”.
3	1/29, 31, 2/2	Agglomeration Economies [O’Sullivan] Chapter 3 *Moretti (2015). “Are Cities the New Growth Escalator?” *Greenstone, Moretti, Hornbeck (2010). “Identifying Agglomeration Spillovers”. Moretti (2004). “Human Capital Externalities in Cities”. Cain (1998). “A Canal and Its City”.
4	2/5, 7, 9	City Size [O’Sullivan] Chapter 4 *Glaeser (2005). “Urban Colossus”.

		*Lu and Tao (2009). "Trends and Determinants of China's Industrial Agglomeration".
5	2/12, 14, 16	Urban Growth and Labor Markets [O'Sullivan] Chapter 5 *Quigley (1998). "Urban Diversity and Economic Growth". *Campante and Glaeser (2009). "Yet Another Tale of Two Cities". Homework 1 Due (2/16)
6	2/19, 21, 23	Urban Land Use [O'Sullivan] Chapter 6, 7 *Boustan and Margo (2008). "Race, Segregation and Postal Employment". *Boustan (2013). "Racial Residential Segregation in American Cities".
7	2/26, 28, 3/2	Neighborhood Choice [O'Sullivan] Chapter 8 *Boustan (2013). "Local Public Goods and the Demand for High-Income Municipalities". Midterm 1 (3/2)
8		Spring Break
9	3/12, 14, 16	Land Use Policy [O'Sullivan] Chapter 9 *Siodla (2015) "Razing San Francisco". *Glaeser and Ward (2009) "The Causes and Consequences of Land Use Regulation".
10	3/19, 21, 23	Transportation [O'Sullivan] Chapter 10, 11 *Baum-Snow (2007). "Did Highways Cause Suburbanization?" *Glaeser et al. (2008). "Why do the poor live in cities?" *Elgar and Kennedy (2008). "Review of Optimal Transit Subsidies".
11	3/26, 28	Housing [O'Sullivan] Chapter 14, 15 *Baum-Snow and Marion (2008). "The Effects of Low Income Housing Tax Credit Developments on Neighborhoods." *Katz, Kling, Liebman (2001). "Moving to Opportunity in Boston." Homework 2 Due (3/28) Good Friday
12	4/4, 6	Easter Break Education [O'Sullivan] Chapter 12 *Sanbonmatsu et al. (2005). "Neighborhoods and Academic Achievement". *Buddin and Zamarro (2009). "Teacher Qualifications and

		Student Achievement in Urban Elementary Schools”.
13	4/9, 11, 13	Crime [O’Sullivan] Chapter 13 *Aliprantis and Hartley (2015). “Blowing It Up and Knocking It Down”. *Jacob, Kapustin, Ludwig (2014). “The Impact of Housing Assistance on Child Outcomes”.
14	4/16, 18, 20	Local Government [O’Sullivan] Chapter 16 *Felix and Hines (2013). “Who Offers Tax-Based Business Development Incentives?” *Rohlin, Rosenthal and Ross (2014) “Tax Avoidance and Business Location in a State Border Model”. Homework 3 Due (4/20)
15	4/23, 25, 27	Catch-up and review Final Paper Due (4/27)
Finals	Friday 5/4	Final Exam (9am to 11am)