

Spring Semester 2012
Economics 1410
Tu/Thu 2:30-3:50 in Wilson 205

Nathaniel Baum-Snow
Robinson 302C

Urban Economics - Syllabus

Overview: The goal of this course is to give students an understanding of how economists think about cities. We will explore why cities exist as they do, their internal structure and a variety of urban policy issues. You will learn about urban economic theory and analysis of urban data sets in the context of addressing important urban policy questions. As such, those interested in doing policy work on urban issues in the future will find this course especially useful. In addition, those interested in continuing the study of urban issues will get a good grounding in basic urban theory.

The course includes both textbook like treatment of standard urban topics and examination of empirical evidence using academic articles in the urban economics literature. About every two weeks we will draw on evidence and ideas from class to discuss a pre-announced urban policy question of importance.

Prerequisites: You should have completed intermediate microeconomics (Econ 1110 or 1130) and econometrics (Econ 1620 or 1630). A few lectures will use some calculus, but math will not be a central feature of the course. I am happy to issue course overrides in most cases, though you may have to work harder to catch up on the prerequisite material. The most relevant concepts from these prerequisite courses will be reviewed.

Grading: 5 Problem Sets (45%), Policy Essay (15%), Final Exam (30%), Class Participation (10%)

Four of the problem sets will include questions with both conceptual and mathematical components based on material from class and/or results in the readings. The remaining problem set will ask you to do empirical work with real data. Due dates will be announced in class along with extra office hours as needed.

The policy essay will be a 4-5 page paper responding to a particular policy question posed to you. I will provide specific grading criteria for your response to this question.

All required reading and material from lectures is fair game for the final exam, with general ideas being the important aspects to take away.

Readings: Your primary source for material will be the lectures and provided notes and slides. Jan K. Brueckner's *Lectures on Urban Economics* will serve as a textbook that can be used as a reference. This book is available at the bookstore or online. Remaining readings will be posted on the course web page.

TA & Conferences: There is no TA or conferences. I hope that we can have a lot of participation during the regular class meeting time. If you have questions about anything, please email me (Nathaniel_Baum-Snow@brown.edu), come to my office hours or make an appointment to see me at another time.

Online Course Materials: Problem sets, solutions, slides, notes and all readings except the textbook will be posted on the course page at mycourses.brown.edu.

Office Hours: Baum-Snow: Mondays 9:00-11:00AM or by appointment in Robinson 302C

Tentative Class Schedule

Jan 26: Introduction: Why Do Cities Exist?

- Brueckner: Chapter 1

Jan 31-Feb 2: Sources of Agglomeration Economies

- Greenstone, Hornbeck & Moretti “Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings” *Journal of Political Economy* (2010) pp. 536-544 required, remaining pages optional

Feb 7: Firm & Residential Location Choice Across Cities

- Brueckner: Chapter 11
- Glaeser, Kolko and Saiz “Consumer City.” *Journal of Economic Geography* (2000)

Feb 9: Empirical Lessons from Urban History

- Glaeser. “Reinventing Boston: 1620-2003” *Journal of Economic Geography* (2005)

Problem Set 1 Due

Feb 14-16: The Monocentric City Model

- Brueckner: Chapter 2

NO CLASS ON TUESDAY FEBRUARY 21st

Feb 23: Extensions of the Standard Land Use Model

- Brueckner: Chapter 3

Problem Set 2 Due

Feb 27-29: Empirical Evidence on Urban Land Use Patterns and Policy Implications

- Brueckner: Chapter 4
- Burchfield, Overman, Puga, Turner. “Causes of Sprawl: A Portrait From Space.” *Quarterly Journal of Economics* (2006)
- Baum-Snow. “Did Highways Cause Suburbanization?” *Quarterly Journal of Economics* (2007)

Mar 6-8: Urban Transportation

- Brueckner: Chapter 5
- Baum-Snow & Kahn. “The Effects of Urban Rail Transit Expansions: Evidence from Sixteen Cities.” *Brookings-Wharton Papers on Urban Affairs* (2005)

Problem Set 3 Due

Mar 13-15: Housing and Real Estate

- Brueckner: Chapter 6
- Glaeser & Gyourko “Urban Decline & Durable Housing” *Journal of Political Economy* (2006)
- Mian & Sufi “The Consequences of Mortgage Credit Expansion: Evidence from the U.S. Mortgage Default Crisis” *Quarterly Journal of Economics* (2009)

Mar 20-22: Housing Policy

- Brueckner: Chapter 7
- Sinai & Waldfoegel. “Do Low Income Housing Subsidies Increase the Occupied Housing Stock?” *Journal of Public Economics* (2005)

Problem Set 4 Due

Mar 27-29: SPRING BREAK

Apr 3-5: Tiebout Sorting and Local Public Goods

- Brueckner: Chapter 8
- Bayer, Ferreira, McMillan, "A Unified Framework for Measuring Preferences for Schools and Neighborhoods" *Journal of Political Economy* (2009) Sections 1-4 required, remaining sections optional
- Baum-Snow & Lutz "Desegregation, School Choice and Urban Population Decentralization" *American Economic Review* (2011)

Apr 10-12: Ghettos and Segregation

- Cutler, Glaeser & Vigdor "The Rise and Decline of the American Ghetto." *Journal of Political Economy* 107 (1999)
- Card, Mas & Rothstein. "Tipping and the Dynamics of Segregation" *Quarterly Journal of Economics* (2008)

Problem Set 5 Due

Apr 17-19: Urban Labor Markets, Spatial Mismatch and Place Based Policies

- Kling, Liebman & Katz. "Experimental Analysis of Neighborhood Effects" *Econometrica* (2007)
- Ham, Swenson, Imrohoroglu & Song. "Government Programs Can Improve Local Labor Markets: Evidence from State Enterprise Zones, Federal Empowerment Zones and Federal Enterprise Communities" *Journal of Public Economics* (2011)

Apr 24-26: Urban Crime

- Brueckner: Chapter 10
- E. Glaeser & B. Sacerdote. "Why is there more crime in cities?" *Journal of Political Economy* (1999)

Policy Essay Due

Sat May 12: FINAL EXAM 9:00-12:00