

**UNIVERSITY OF MINNESOTA**  
**FALL 2010, ECON 4960**  
**TOPICS IN ECONOMICS: URBAN ECONOMICS**  
Lecture: Tu Th 2:30p-3:45p, Blegen Hall 225

Instructor: Brian Adams

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Office hours: M 11:15a-12:15p, Th 1:15p-2:15p; Hanson Hall 3-133

Course webpage: <http://www.econ.umn.edu/~adams658/teaching/fall2010e4960/>

### **Course Topics**

Economics of urbanization. Location of economic activity and cities. Central place theory. Site rents and form of city. Urban economic base and economic policy. Urban problems and economic policies: transportation, poverty/segregation, housing, public finance.

### **Prerequisites**

Students must have successfully completed Intermediate Microeconomics (Econ 3101) and Calculus I (Math 1271).

### **Textbook and Readings**

The assigned textbook is *Urban Economics*, by Arthur O'Sullivan. 7<sup>th</sup> edition. ISBN: 9780071276290.

A few recent articles from economics journals are included as additional readings. All can be accessed through the university library databases. In class announcements will detail what sections of these papers will be required. The articles are:

- Baum-Snow, Nathaniel. "Did Highways Cause Suburbanization?" *Quarterly Journal of Economics*. Vol. , Issue (May 2007): pp. 775-805.
- Ellison, Glenn, Edward L. Glaeser, and William R. Kerr. "What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns." *American Economic Review*. Vol. 100, No. (June 2010): pp. 1195-1213.
- Glaeser, Edward L. and Joseph Gyourko. "Urban Decline and Durable Housing." *Journal of Political Economy*. Vol. 113, No. 2 (2005): pp. 345-375.
- Greenstone, Michael, Richard Hornbeck, and Enrico Moretti. "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings." *Journal of Political Economy*. Vol. 118, No. 3 (2010): pp. 536-598.

### **Coursework**

Four homework assignments and two exams are designed to provide motivation for and evaluation of students' learning.

#### *Assignments*

Assignments will be due on 23 September, 7 October, 4 November, and 2 December. Late assignments shall be accepted only under special circumstances (e.g. documented illness). Students are welcome to discuss homework in groups, but each student must prepare and submit a unique assignment and note the names of other group members. Identical or nearly identical submissions will not receive credit.

Objections to the grading may be resolved by specifying the objection in writing and returning the assignment to the instructor within one week. The whole assignment may be regraded, which may result in a lower or higher score.

### *Exams*

Instructions for exams may vary but will be detailed in lecture before each exam. Communication with other students, use of unauthorized resources, copying, and other forms of cheating during the exams will be severely punished. The exams will take place on 14 October and 17 December.

No make-up dates will be offered for the midterm. Any student needing a makeup final should notify the instructor at least one week beforehand.

As with homework, grading objections may be resolved by specifying the objection in writing and returning the assignment to the instructor within one week.

### **Grades**

The coursework components will be weighted as follows:

Midterm	25%
Final	35%
Homework assignments	10% each

Letter grades will be assigned by either the following scale or something more generous:

92%-100% A	72%-77% C
90%-91% A-	70%-71% C-
88%-89% B+	68%-69% D+
82%-87% B	60%-67% D
80%-81% B-	0% -59% F
78%-79% C+	

## Course Overview

Date	Topic	Reading
Tu 7 Sep	Introduction, Statistical area definitions	O'Sullivan Ch. 1
Th 9 Sep	Hotelling location model	
Tu 14 Sep	Existence of cities, Central Place Theory	O'Sullivan Ch. 2, 4
Th 16 Sep	Firm site selection	O'Sullivan Ch. 2
Tu 21 Sep	Firm site selection	O'Sullivan Ch. 2
Th 23 Sep	Industrial clustering	O'Sullivan Ch. 3
Tu 28 Sep	Industrial clustering	Ellison et al (2010)
Th 30 Sep	City size and urban growth	O'Sullivan Ch. 4-5
Tu 5 Oct	City size and urban growth	O'Sullivan Ch. 4-5
Th 7 Oct	Agglomeration and new factories	Greenstone et al (2010)
Tu 12 Oct	Review	
Th 14 Oct	Midterm Exam	
Tu 19 Oct	Monocentric City model	O'Sullivan Ch. 7
Th 21 Oct	Monocentric City model and sprawl	O'Sullivan Ch. 7
Tu 26 Oct	Density Gradients	
Th 28 Oct	Zoning and land use policy	O'Sullivan Ch. 9
Tu 2 Nov	Auto Transportation	O'Sullivan Ch. 10
Th 4 Nov	Transportation and sprawl	Baum-Snow (2007)
Tu 9 Nov	Mass Transportation	O'Sullivan Ch. 11
Th 11 Nov	Urban land rent	O'Sullivan Ch. 6
Tu 16 Nov	Neighborhood choice and segregation	O'Sullivan Ch. 8
Th 18 Nov	Neighborhood choice and home prices	
Tu 23 Nov	Housing	O'Sullivan Ch. 13
Tu 30 Nov	Housing	Glaeser and Gyourko (2005)
Th 2 Dec	Housing policy	O'Sullivan Ch. 14
Tu 7 Dec	Local government	O'Sullivan Ch. 15
Th 9 Dec	Local government revenues	O'Sullivan Ch. 16
Tu 14 Dec	Review	
F 17 Dec	Final Exam (10:30a-12:30p)	