# URBAN ECONOMICS: ECONOMICS OF CITIES (ECON 4242) <br> Department of Economics, University of Colorado 

Fall 2019

| Classtime: | M, W, F: 10:00-10:50 am | Room: M UEN E431 |
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| Professor: | Charles de Bartolome | Office: ECON 203 |
| Office hours: | M on 1:50-2:50 pm; Tu 1:30-2:30 pm; | e-mail: debartol@ colorado.edu |

Textbook: Arthur O'Sullivan: Urban Economics ( $\mathbf{8}^{\text {th }}$ Edition). M cGraw-Hill Irwin.

Clickers The class uses i>clickers. If you do not already own one, an i>clicker may be purchased at the University of Colorado bookstore.

Clickers should be registered at:

Please note that four pages of each A dobe A crobat file can be printed on a single sheet by clicking as: Print >L andscape > M ultiple > Custom 2 by 2 .

## Attendance at class:

W oody Allen once remarked: "90\% of success is just turning up". The best way to learn the material is to attend class. Reading the lecture notes posted on the web is not a good substitute for attendance. A ttendance at class is expected and required.

Administrative Drop:
Because attendance is important and is expected, I will drop from the class any student who neither attends two of the first three classes of the term nor gets special permission from me for his/her absence.

## Clickers:

Clickers will be used near the end of most classes to reinforce the main point of the lecture.

I consider it fraud if a student uses another student's clicker.
Y ou get a green light when your answer is registered. If you get a red light, y

Exams:
The two midterms will be given in the evening as:
FIRST MIDTERM: M onday 23 Sept 7:00 p.m. -8:40 p.m.
in TBA
SECOND MIDTERM : M onday 28 Oct in TBA

7:00 p.m. - 9:00 p.m.

The final exam will be held as:
FINAL:
Sunday 15 December 7:30 p.m. - 10:00 p.m. in M UEN E431

Y ou must bring two blue-books to each exam.
B ecause this is a 4000-level class, the exams will not just repeat material covered in class. Some questions will follow the material covered in class and in the problem sets, but some will ask you to apply the material in a different environment.

F ailure to be present at an exam:
If you are unable to take an exam because of illness: $Y$ ou must get a medical note from a doctor to confirm your inability to take the exam and advise me of your inability before the exam. In this case you may take a make-up. Otherwise, unless you have obtained my prior permission to take the make-up, failure to be present for an exam will cause your score to be 0 for that exam.

Grading:
There will be two midterms, a final exam, in-class clicker questions and paper summaries. Y our grade will be determined as:

25\% First M idterm
30\% Second M idterm
30\% Final
8\% In-class clicker questions.
7\% Paper summaries
Concerning in-class clicker questions. E ach correct answer will receive 1 point, and an absence or an incorrect answer will receive zero points. In calculating your total score for all in-class clicker questions, I will sum your scores for all days, omitting your three lowest daily scores.

Classroom courtesy:
Please turn your cell 'phone off prior to the start of class.
I believe that learning is enhanced if there is full concentration by both the instructor and the student. To facilitate this, laptops may only be used in the front two rows of the classroom and usage of laptops in class is restricted to following the course notes.

Accommodations for Disabilities:
If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to me in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the Disability Services website. Contact Disability Services at 303-492-8671 or dsinfo@ colorado.edu for further assistance. If you have a temporary medical condition or injury, see Temporary M edical Conditions under the Students tab on the Disability Services website.

Religious O bservance:
Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please let me know in a timely manner if one of the exam dates falls on a religious holiday you intend to observe and I will arrange for you to take a make-up. See the campus policy regarding religious observances for full details.

Classroom Behavior:
Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. For more information, see the policies on classroom behavior and the Student Code of Conduct.

Honor Code:
A ll students enrolled in a University of Colorado B oulder course are responsible for knowing and adhering to the Honor Code. Violations of the policy may
include: plagiarism, cheating, fabrication, lying, bribery, threat, unauth ${ }^{` m} \bullet$ )sm, cheatingF†@

## COURSE OUTLINE

Topic
Chapter

## 1. INTRODUCTION

| 26, 28 A ug | INTRODUCTION |
| :--- | :--- |
|  | Fundamental Questions of U rban Economics |
| The need for a model |  |
| Discussion of regression analysis |  |
| - the hedonic regression of house prices |  |

2. FORMATION OF CITIES

| 4, 6, 9, 11 | FORMATION OF CITIES: IRS IN PRODUCTION | 2 |
| :---: | :---: | :---: |
| 13, 16 Sept | - market towns |  |
|  | - factory cities |  |
|  | - port cities |  |
|  | - resource cities |  |
|  | Problem Set: B ase Case: $M$ arket Towns |  |
|  | Problem Set: Factory Cities 1 |  |
|  | Problem Set: Factory Cities 2 |  |
|  | Problem Set: Port Cities: N ormative |  |
|  | Problem Set: Port Cities: Positive |  |
|  | Problem Set: Resource Processing Cities: Normative |  |
|  | Problem Set: Resource Processing Cities: Positive |  |
|  | Problem Set: Resource Processing Cities: Long Run |  |
| 18, 20 Sept | FORMATION OF CITIES: CLUSTERING OF FIRMS | 3 |
|  | - input sharing | (pp. 45-52; 58) |
|  | - knowledge spillovers |  |
|  | Problem Set: Input Sharing |  |
|  | Problem Set: K nowledge Spillovers |  |
| 23 Sept | Review |  |
|  | FIRST MIDTERM (7:00-8:40 pm in ) |  |


| 25, 27, 30 Sept | CLUSTERING OF FIRMS CONT 3 <br> - labor pooling  <br> - better skill matching makes workers more productive (pp. 52-58;59-62) |
| :---: | :---: |
|  | Problem Set: Labor Pooling |
|  | Problem Set: Skill M atching |
| * 20 ct | Carlton, D.W., (1983), "The location and employment choices of new firms: an econometric model with discrete and continuous endogenous variables," Review of Economics and Statistics 65, 440-449. |
| 40 ct | CLUSTERING OF WORKERS (pp. 63-64) <br> - better social matching increases worker utility |
|  | Problem Set: Social M atching |
|  | 3. LAND USE PATTERNS OF THE CITY |
| $\begin{aligned} & 7,9,11,14 \\ & 16,18,210 \mathrm{ct} \end{aligned}$ | BID-RENT CURVES 6 |
|  | - Capitalization: Iand rent and land price <br> (omit pp. 141-2, 156-60) |
|  | - Zero-profit ミ "Left-over principle" |
|  | - bid-rent for agriculture |
|  | - bid-rent for manufacturing firms |
|  | - bid-rent for offices |
|  | - bid-rent for housing |
|  | - using bid-rent curves to predict land-use patterns |
|  | Problem Set: Competitive land market |
|  | Problem Set: Factory Bid-Rent |
|  | Problem Set: Office Travel Costs |
|  | Problem Set: Office Bid-R ent W ith No Production Substitution |
|  | Problem Set: Residential Bid-Rent W ith No Consumption Substitution Problem Set: Using Bid-Rent Curves |

23, 25 Oct
BUILDING-UP AND SQUEEZING: SKY SCRA PER OFFICES, HIGH-RISE APARTMENTS, TOW NHOUSES AND AND APT. COM PLEXES

- building up: substitution of land for capital

Problem Set: Skyscraper Offices: Graphical Problem Set: Skyscraper Offices: A Igebra

## 28 Oct

Review
SECOND MIDTERM (7:00-9:00 pm in
*20 N ov Helms, L.J., (1985), "The effect of state and local taxes on economic grow th: a time-series cross-section approach," Review of Economics and Statistics 67, 574-582.

## 5. INNER CITY AND THE SUBURBS

| 22 Nov, 2 Dec | SORTING 8 <br> - income sorting also: pp. 195-197 |
| :---: | :---: |
|  | Problem Set: Income Sorting |
| *4 Dec | Honig, M ., and R.K. Filer, (1993), "Causes of intercity variation in homelessness," American Economic Review 83, 248-255 |
| 6,9 Dec | SORTING (CONT.) <br> - public service sorting <br> - educational outcomes |
|  | Problem Set: Public Service Sorting |
| 11 Dec | Review |
| 15 Dec | FINAL EXAM (7:30-10:00 p.m. in M UEN E431) |

