

College of Humanities, Arts, Behavioral and Social Sciences  
Department of Economics  
California State University San Marcos

**ECON 420 Urban and Regional Economics  
Fall 2019**

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**Course Description**

Urban and Regional Economics is the study of urban areas and regions based on the consideration of space, transportation cost, and location choice in production and consumption decisions. In this class, we will analyze city formation and size, land use patterns, spatial competition, urban sprawl and growth. Urban and Regional Economics applies microeconomic theory to urban transportation issues, residential segregation, urban poverty and crime, the migration of labor, and housing markets. It also introduces local public finance, governments, and provision of local public goods. Cannot be taken for credit by students who received credit for ECON 481-09.

**Economics Department Student Learning Outcomes**

1. Define, describe, interpret and apply the choice calculus of different economic entities (individuals, firms, groups, government).
2. Describe, explain and employ the economic way of thinking.
3. Explain and analyze how markets work.
4. Define, describe and employ the scientific method to answering economic questions
5. Explain and analyze how the economy works.
6. Apply the knowledge and methods in PSLOs 1-5 to formulate and answer economic questions.

**Course Student Learning Outcomes**

The main learning objectives of this course are for students to:

- ❖ Apply a working knowledge of Urban Economic theories and models
- ❖ Critically analyze and evaluate solutions to Urban Economic problems
- ❖ Discuss the economic way of thinking regarding how consumers and firms organize themselves spatially and analyze the advantages and disadvantages of forming population clusters
- ❖ Apply basic principles of reasoning, critical thinking, problem solving and demonstrate technical proficiency in Urban and Regional Economics topics
- ❖ Describe different economic and spatial phenomena within urban literature and analyze these phenomena theoretically and empirically
- ❖ Discuss how market forces and institutions shape the urban environment

## Required Books

Glaeser, Edward L. *Triumph of the City*. New York: Penguin Press, 2011.

O'Sullivan, Arthur. *Urban Economics*, 8<sup>th</sup> edition. McGraw-Hill Irwin, 2008. The 7<sup>th</sup> edition also works. *You may consider buying in 2-3 student cooperatives.*

## Course Requirements

Homework Assignments	20%
Journal Article Responses	15%
Urban Photo Project	20%
Exams (2)	40%
Course Participation	5%

## Grade Scale

This course uses the standard University +/- system.

93-100% = A	87-89% = B+	77-79% = C+	60-69% = D
90-92% = A-	83-86% = B	73-76% = C	Below 60% = F
	80-82% = B-	70-72% = C-	

**Homework Assignments:** There will be 4-5 homework assignments during the semester. These assignments will consist of short answer questions, graphical/ mathematical problems, or reading material questions and responses. I encourage you to work with other people in the class. In fact, the problem sets can be submitted for groups with up to four members. Your ability to solve these problems is preparation for the exams and directly relates to your overall success in the course. Assignments not turned in by the assigned date will not be accepted.

**Journal Article Responses:** During the semester I will assign a number of academic journal articles covering different topics in class. You will write three article response papers of your choice, each will be worth 5% of your grade. Each paper should be approximately 3 pages in length (12 point font, double-spaced). In the paper you should address the following:

- (1) A concise statement of the author's main goals in writing the paper/identify the author's question
- (2) A brief summary of how the author achieves those goals, data sources or methodologies used. Address any critiques, praise, or questions you have about the adequacy and methods used as well.
- (3) Summarize the major results presented. Are you convinced that the author has achieved their goals? Why?
- (4) What is the author's contribution to your own knowledge?
- (5) Give a related extension question for further research

Summaries will be graded on a five-point scale, one point for successfully answering each question. These should be completed individually. You can choose any of the assigned articles that interest you, or find one on your own but it must be approved by me. Due dates for each of the three Journal Article Responses will be given.

**Urban Photo Project:** One of the most fun and interesting aspects of urban economics is that the topics we are going to cover in this course are visible around us every day. Is there congestion on city streets? Is there trash on the sidewalk? Why is there a "wrong side of the

tracks?” Are competitive firms clustering? Where do the homeless go? This class project asks you to take scenes relevant to you and interpret them using the theories, models and tools we learn in class. The project requires you to take several photos (5 per person) and write accompanying text (roughly 1 page per photo) that interprets the photo using concepts discussed in class. This is a group project, with up to five members in each group. Each photo in your group needs to highlight a different topic from the course, meaning members cannot photograph and explain the same topics/concepts. I will provide a more in-depth set of directions during the semester.

**Exams:** There will be two exams worth 20% each. Both exams are non-cumulative and will only cover material presented in that section of the course. However, the course material builds on itself and understanding concepts from the beginning of the course will be necessary to be successful on both exams. The format of the exams will be a combination of multiple choice questions, graphical or mathematical problems and/or short essays. Any material covered in lecture or the assigned readings is fair game for the exams. No makeup exams will be offered. The planned exam dates are provided below. No graphing calculators or phone calculators are allowed on exams.

**Participation:** Students are required to participate fully in all course meetings. This includes attendance, engaging in class discussions, asking and answering questions and overall level of attentiveness. Please read all assigned material prior to each class and be ready to discuss and analyze them, as I expect everyone to actively contribute to the discussions in the classroom. Your attendance and classroom engagement will be recorded at the end of each class and used to determine your participation score. Also, please arrive on time. When you arrive late it is distracting for your fellow students and me. Repeat tardiness will result in a lower participation grade.

### **Course Policies:**

#### *Credit Hours and Writing Requirement*

Under the University Credit Hour Policy students are expected to spend a minimum of two hours outside of the classroom each week for each unit of credit engaged in learning. This means for a 3 unit course you should expect to spend approximately 6 hours outside of class to complete the required readings, assignments, material comprehension, and test prep to succeed in the course. The university writing requirement will be met by the journal articles and the essay portion of the Urban Photo Project.

#### *Academic Honesty and Integrity*

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Students are expected to maintain the highest level of academic honesty and integrity. Cheating and plagiarism will not be tolerated. If a student is caught cheating or plagiarizing on an exam or assignment he/she will receive a zero for that assignment and will be subject to consequences related to academic misconduct. In accordance with the general rules and regulations of the university, disciplinary action may include the lowering of grades and/or the assignment of a failing grade for an exam, assignment, or the class as a whole. Academic dishonesty cases will be referred to the Dean of Students Office and may result in suspension or expulsion from CSU San Marcos and the CSU

System.

### Accommodations for Students with Disabilities

Students with disabilities who require reasonable accommodations must be approved for services by providing appropriate and recent documentation to the office of Disability Support Services (DSS). This office is located in Craven Hall 5205, and can be contacted by phone at (760) 750- 4905, or TTY (760) 750-4909. Students authorized by DSS to receive reasonable accommodations should meet with me during my office hours in order to ensure confidentiality.

## **Tentative Schedule**

### **Introduction to Urban Economics**

- [Appendix](#): Tools of Microeconomics
- [Chapter 1](#): Introduction and Axioms of Urban Economics
- “America’s Ten Dead Cities: From Detroit to New Orleans.” 24/7 Wall Street, August 2010

### **Why Do Cities Exist?**

- [Chapter 2](#): Why Do Cities Exist?; Glaeser Ch. 1
- The Economist (2007) “The World Goes to Town”
- Glaeser, Edward (1998). “Are Cities Dying?” The Journal of Economic Perspectives, 12(2): 139-160.

### **Why Do Firms Cluster?**

- [Chapter 3](#): Why Do Firms Cluster?; Glaeser Ch. 5, Hotelling’s Model Activity (in class)
- The Economist (2011) “Clusters Flustered”
- **Pick one of the following to read:**
- Ellison, Glenn, Glaeser, and Kerr (2010). “What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns” American Economic Review 100.3, 1195-1213
- Krugman, P. (1991), “Increasing Returns and Economic Geography”, *Journal of Political Economy* 99, 483-499

### **City size**

- [Chapter 4](#): City Size; Glaeser Ch. 2
- The Economist (2008). “Lump Together and Like It”
- **Pick one of the following to read:**
- Au, Chun-Chung, Henderson (2006). “Are Chinese Cities Too Small?” The Review of Economic Studies 73.3, 549-576
- Ades, Alberto F., Glaeser (1995). “Trade Circuses: Explaining Urban Giants,” Quarterly Journal of Economics 110, 195-227

### **Urban growth**

- [Chapter 5](#): Urban Growth; Glaeser Ch.9
- Glaeser, Edward (2008). “Houston, New York Has a Problem,” *The New York Sun*.
- **Pick one of the following to read:**

- Quigley, John M. and Steven Raphael (1998). “Urban Diversity and Economic Growth,” *The Journal of Economic Perspectives* 12(2): 127-138
- Glaeser, Edward (2005). “Smart Growth: education, Skilled Workers, and the Future of Cold Weather Cities,” Taub Man Center for State and Local Government, Harvard University Brief.

## Land Use Patterns

- [Chapter 7](#): Land Use Patterns; Glaeser Ch. 7
- Mieszkowski, Peter and Edwin S. Mills (1993). “The Causes of Metropolitan Suburbanization,” *The Journal of Economic Perspectives* 7(3): 135-
- Nechyba, Thomas J. and Randall P. Walsh (2004). “Urban Sprawl,” *The Journal of Economic Perspectives*, 18(4):177-200

## Neighborhood Choice

- [Chapter 8](#): Neighborhood Choice
- Ludwig, Duncan, Katz, et al. (2013). “Long-term Neighborhood Effects on Low-income Families: Evidence from Moving to Opportunity,” *American Economic Review* 103.3, 226-231
- **Pick one of the following to read:**
- Card, Mas, Rothstein (2007). “Tipping and the Dynamics of Segregation.” National Bureau of Economic Research, working paper.
- Echenique, F., & Fryer Jr, R. G. (2007). A measure of segregation based on social interactions. *The Quarterly Journal of Economics*, 441-485.
- Edin, P. A., & Fredriksson, P. (2001). Ethnic enclaves and the economic success of immigrants-evidence from a natural experiment.

## EXAM I

- Review & Exam I **TBD**

## Transportation

- [Chapter 10](#): Externalities From Autos
- Becker, Gary S. (2002). “Want to Cut Gasoline Use? Raise Taxes,” *Business Week*, May 27.
- Litman, Tod (2006). “London Congestion Pricing: Implications for Other Cities,” Victoria Transport Policy Institute.
- Rothenberg Pack, Janet (1992). “You Ride, I’ll Pay,” Brookings Institution Press, 10(3).
- Giuliano and Small, (1993). “Is the Journey to Work Explained by Urban Structure?” *UTCT*, 30(9)

## Education

- [Chapter 12](#): Education, Separate But Unequal (Short video in class)
- Mc Manus, Molly (2015). “Why do Rich Kids Do Better than Poor Kids in School? It is not the “Word Gap”,” *New Republic*, Oct 15.
- Rourke, Matt (2015). “No Child Left Behind: What Worked, What Didn’t” NPR Ed, Oct 27
- Hoxby, Caroline (2000). “Does Competition Among Public Schools Benefit Students and Taxpayers?” *American Economic Review*, 90(5), pp. 1209-1239
- Hoxby, Caroline Minter (1996). “Are Efficiency and Equity in School Finance Substitutes or Complements?” *The Journal of Economic Perspectives*, 10(4): 51-73.

## Crime

- [Chapter 13](#): Crime, Glaeser Ch. 4
- Cullen and Levitt (1999). “Crime, Urban Flight, and the Consequences for Cities.” *The Review of Economics and Statistics*, 131(2).
- Dilulio Jr., John (1996). “Help Wanted: Economists, Crime and Public Policy,” *The Journal of Economic Perspectives*, 10(1): 3-24.
- Freeman, Scott, J. Grogger and Jon Sonstelie (1996). “The Spatial Concentration of Crime,” *Journal of Urban Economics*, 40(2), pp. 216-231

## Housing

- [Chapter 15](#): Housing Policy
- Rosin, Hana (2008). “American Murder Mystery,” *The Atlantic*, July/August.
- Tucker William (1997). “How Rent Control Drives Out Affordable Housing,” *Cato Policy Analysis No. 274*
- Watch: The Battle over New Orleans public Housing
- Watch: Crime in Public Housing Creates Urgency for Relocation

## Role of Local Government

- [Chapter 16](#): The Role of Local Government; Glaeser Ch. 6
- [Chapter 17](#): Local Government Revenue
- Tiebout Sorting Model Activity (in class)

## Poverty: The Inner City and the Underclass

- Glaeser Ch. 3
- Mills, Edwin S. and Luan S. Lubuele (1997). “Inner Cities,” *Journal of Economic Literature*. 35:2, pp.727-56.
- Glaeser, Edward and Matthew Khan, and Jordan Rappaport (2000). “Why Do the Poor Live in Cities?” NBER Working Paper 7636.
- Cutler, David, Edward Glaser and Jacob Vigdor (1999). “The Rise and Decline of the American Ghetto,” *Journal of Political Economy*. 107:4, pp.455-506

## Group Presentations and Final Review

- Group Presentations
- Review for Exam II

## FINALS WEEK

- Exam II on **TBD**