Economics 4300 – Economics of Cities (Urban Economics)  
Spring, 2011

Instructor:  
Dr. Andrew Hanson

Office:  14 Marietta Street (Andrew Young School of Policy Studies), Room 427

Office Hours:  3:00–4:00 PM Tuesday and Thursday, or by appointment

Email:  ahanson@gsu.edu

Phone:  (404) 413-0156

Course Meeting:  
Tuesday and Thursday 9:30-10:45 AM, Aderhold 12

Course Content:  
This course will primarily focus on the study of where economic activity takes place and why economic agents (individuals, firms, and governments) choose to locate near each other and in certain areas. We will also study economic activity that is inherently place-based such as the housing market and local government policy. The course will use economic theory and present empirical evidence (where available) to answer questions such as, “Why do cities exist?” “Why do firms locate near each other?” and “Who benefits from urban economic re-development?”

Text:  
Urban Economics, Arthur O’Sullivan, 6th edition. Other readings will be provided by the instructor in class.

Prerequisites:  
ECON 2106, Principles of Microeconomics

Important Dates:  
1/14 – Last Day to Drop with Full Refund
2/10 – Exam I
2/25 – Last Day to Withdraw (see www.gsu.edu/es/withdrawals.html for details)
3/1 - 3/3 – Spring Break, no class
3/24 – Exam II
4/21 – Final Lecture
Grading:

Students will be assigned a letter grade from the University letter scale: A, A-, B+, B, B-, C+, C, C-, D, F. The final letter grade will be assigned based on student performance on exams and participation in lectures with the following weight:

- 10% Class Participation
- 30% Exam I
- 30% Exam II
- 30% Exam III

I reserve the right to increase the weight of Exam III in order to benefit students that significantly improve their grade from the previous exams.

Students who feel that an exam question was incorrectly or unfairly graded have the right to make a written appeal. The written appeal will be due one week from when the exam is handed back. The appeal should consist of a 1-3 paragraph explanation of why the student believes their answer deserves to be reconsidered and should be typed. Note that making an appeal means I will entirely re-grade the question, and it is possible that the student receive fewer points than were awarded in the first round of grading.

The best way to prepare for exams is to attend class and to work through the practice questions given before exams.

Exams will consist of both multiple choice and short answer/essay questions.

Exam III is not cumulative.

Attendance is not directly calculated into student grades.

Missed Exams:

No make-up exams are given. If a student misses Exam I or Exam II for a valid reason (serious illness, death of a family member) and has a signed, dated note explaining the absence, with a phone number of someone to verify the excuse, the student will have their performance on Exam III weighted to make up for the lost exam. There is no make-up for Exam III, missing it will result in a failing grade.

Extra Credit:

Students will have the opportunity to earn extra credit at limited times throughout the semester by attending an on-campus talk by an economist and writing a short summary of the talk. These opportunities will be announced in class as they become available.

Academic Honesty:
All students are expected to adhere to the highest standards of academic honesty. Each student is responsible for knowing and following the academic honesty policies of Georgia State University (See Policy on Academic Honesty (Section 409)). All in-class exams in the course are closed-notes, closed-books exams. It is each student’s responsibility to avoid any activity that suggests cheating on a test. Please refer to the Georgia State University Code of Conduct (available on-line at: http://www2.gsu.edu/~wwwdos/codeofconduct.html) for further explanation of the University policy. Note that any student suspected of academic dishonesty WILL be referred to the Dean’s Office and prosecuted to the fullest extent of University policy.

Notice:
All electronic communication devices are to be turned off and made inaccessible during lectures and exams. Video recording and picture taking are prohibited during lectures and exams. Audio recording of lectures is allowed only with the permission of the professor (and guest lecturer, when appropriate).

The course syllabus provides a general plan for the course; deviations may be necessary.

Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.

Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodation is sought.
Learning Outcomes:

- Students will be able to identify the economic forces that explain why cities exist.

- Students will be able to explain why firms agglomerate.

- Students will be able to define the concept of bid rent.

- Students will be able to describe location equilibriums and analyze how they can change.

- Students will be able to identify the factors causing urban sprawl.

- Students will be able to identify reasons for poverty concentration in urban areas.

- Students will be able to identify the different ways of measuring economic growth in an urban area and how these measures represent benefits to various groups.

- Students will be able to evaluate different government policies used for urban economic redevelopment and determine how they benefit various groups.

- Students will be able to use a sorting model to determine the allocation of local public goods across an urban area.

- Students will be able to evaluate different techniques economists use to identify racial discrimination in housing markets.

- Students will be able to explain aspects of the housing market that differ from a standard market in economics.

- Students will be able to explain the Hedonic pricing technique and how it can be used to value different attributes in the housing market.

- Students will be able to use the User Cost model of housing to find the price of a home.
Course Outline:

I. Introduction to Urban Economics, O’Sullivan Chapter 1
   a. What is an economic city?
   b. Spatial Equilibrium

II. Market Forces in the Development of Cities, O’Sullivan Chapter 2 and 3
    a. Why Do Cities Exist?
    b. Why Do Firms Cluster?

III. Land Rent and Land Use Patterns, O’Sullivan Chapter 6 and 7
     a. Urban Land Rent
     b. Land Use Patterns

IV. Neighborhood Choice and Local Government, O’Sullivan Chapter 8 and 15
    a. Neighborhood Choice
    b. Identifying Racial Discrimination
    c. The Role of Local Government

V. Housing, O’Sullivan Chapter 13 and 14
   a. Why is Housing Different?
   b. Hedonic Technique
   c. User Cost Model

VI. Urban Growth, Decline, and Redevelopment, O’Sullivan Chapter 5
    a. How to measure Growth and Decline
    b. Export Multipliers
    c. Redevelopment Policy