

URBAN ECONOMICS

EC 431/531
Portland State University
Winter 2017

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Neuberger Hall 350
Tue & Thu 4:40 – 6:30 pm
Office Hours: By Appointment

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This course studies the functions of the urban economy: the market sector and the public sector. Economic analysis of issues such as land use, environmental quality, transportation, housing, income distribution, and financing of urban public services. Recommended: Ec 201 (Principles of Microeconomics) and Ec 202 (Principles of Macroeconomics). This is the same course as USP 431 and RE 431 and may be taken only once for credit. (4 credits)

Note: The instructor, and only the instructor, reserves the right to change the contents of this syllabus.

MATERIALS

The following textbooks is required. Other associated reading are listed on the class schedule. Students are expected to have reviewed all readings before class meetings. Additional reading may be assigned throughout the term. Questions regarding information from the textbook and other reading may appear on examinations.

Arthur O'Sullivan, *Urban Economics*, 8th ed., McGraw-Hill Irwin, 2011 (denoted "O'Sullivan" in the associated readings). Earlier editions may be suitable substitutes; because the order of chapters may vary across editions, it is the student's responsibility to make sure he or she reviews the correct chapters. Chapter titles are provided in the reading list. Copies are available on reserve at the PSU library, under EC 431 and USP 573.

N. Gregory Mankiw, *Principles of Economics*, South-Western (denoted "Mankiw" in the associated readings). Any edition is suitable; because the order of chapters may vary across editions, it is the student's responsibility to make sure he or she reviews the correct chapters. Chapter titles are provided in the reading list. A copy is available on reserve at the PSU library, under EC 201.

Many of the topics covered in this course involve current relevant policy issues. Additional articles may be distributed and assigned throughout the term. Students are urged to follow the latest news and research in urban economics by following the Facebook page for the course:

www.facebook.com/UrbanEconomicsNews/

EXPECTATIONS

This is a 400/500-level course, meaning the students are expected to have some understanding of basic economics concepts. Students are expected to have reviewed the readings before lecture. As a long standing rule of thumb, students should expect to spend two hours working outside of the classroom for every hour of lecture. As a, four credit hour course, students should plan on spending eight to nine hours a week reviewing the reading material and working on suggested exercises.

Communications regarding course performance: At any point in the course that a student has concerns about his or her performance in this course, he or she is urged to contact the instructor in a timely manner to address those concerns.

- The instructor offers numerous methods to contact him including email, telephone, and in-person by appointment.
- Students may be able to get help from the course's teaching assistant (email at the top of the syllabus), the Economics Department Computer Lab (CH 230), and the PSU Learning Center (2nd floor of Millar Library, Room 245) which is open to all PSU students and has economics tutors (see tutor schedule for details).

Valid and functioning email address: Students are expected to provide the instructor with a valid and functioning email address that is regularly checked by the student.

Suggested exercises: Throughout the term, the instructor will provide suggested exercises. The exercises will not be collected and will not be graded. However, material covered in or based on the suggested exercises will likely appear on quizzes and examinations. Students who work through the suggested exercises almost always outperform students who do not.

GRADING

Grades in the course will be based the following the higher of the two scoring alternatives:

	(1)	(2)
Attendance	10%	10%
Integrity / class participation	10%	10%
Diagnostic quiz (not graded)	5%	5%
Midterm (in-class)	35%	—
Final examination (in-class)	40%	75%

Attendance: Each class begins promptly at the time assigned by the university. The instructor will record attendance at some point during the class meeting. Three (3) or more absences will result in a zero for the attendance portion of the course.

Integrity/class participation: This category is subjective and will be evaluated at the instructor's discretion.

- Class participation is encouraged.
- Frequent late arrivals to and/or early departures from class, failure to actively and regularly participate, or disruptive behavior will result in lower or no credit in this category.
- Plagiarism or other forms of academic dishonesty will not be tolerated and may result in no credit being awarded for integrity/class participation. In addition, academic dishonesty related to examinations will result in a zero on the exam.

Midterm and final examinations: The examinations will cover all assigned readings, lectures, and suggested exercises up to the date of the examination.

- With the exception of students who have arrangements with the Disability Resource Center, university rules dictate that the date, time, and location of the final examination cannot be changed: no early or late examinations will be permitted.
- A PSU or other government issued English language photo ID must be shown upon turning in a completed examination.
- Because of the way the grading system is structured, some students view the midterm examination to be optional. Students are never worse off by taking the midterm. Historically students who take the midterm tend to have higher course grades than those who do not.

No “extra credit”: This syllabus identifies the requirements for this course. The instructor does not offer “extra credit” under any circumstance.

Grading criteria: The instructor will apply the following grades, with pluses and minuses awarded only for borderline grades:

- A:** *Excellent.* Student performance is outstanding. Student demonstrates a mastery of the material. Student’s attendance, participation, and class involvement are excellent.
- B:** *Good.* Student performs beyond requirements of assignments. Student demonstrates a thorough understanding of the material. Student’s attendance, participation, and class involvement are above average.
- C:** *Satisfactory.* Student performance is average and all requirements are fulfilled. Student demonstrates an adequate understanding of the material. Student’s attendance, participation, and class involvement are adequate.
- D:** *Inferior.* Student performance is uneven and/or requirements are partially fulfilled. Student does not demonstrate understanding of material or demonstrates little understanding of the material. Student’s attendance, participation, and class involvement are less than adequate.
- F:** *Failure.* No credit earned. Student fails to meet a minimum level of understanding or performance. Student’s attendance, participation, and class involvement are inadequate.

Incompletes / grade changes: As an adjunct professor, the instructor has no obligations regarding this course after the term ends and has no guarantees of future teaching opportunities at the university. As a result, the instructor has a “no incompletes” policy. A grade of “X” is issued when the instructor feels there is no basis for a grade, such as non-attendance; X grades carry no credit and are not included when calculating grade point average. Students seeking a grade change must follow the university’s grade change policies found at:

http://www.pdx.edu/registration/online_grading.html#grade_change_policies

CLASS AND LECTURE SCHEDULE

WEEK NO.	WEEK OF	TOPICS AND ASSOCIATED READINGS
1	10-Jan	Introduction to the course and review syllabus Review of economics principles <ul style="list-style-type: none">• O'Sullivan, Chapter 1 and Appendix: Tools of Microeconomics. Trade, labor, and why cities exist <ul style="list-style-type: none">• O'Sullivan, Chapter 2, Why do cities exist?• Mankiw, Chapter 3, Interdependence and gains from trade.
2	17-Jan	Principles of Supply, Demand, and Elasticity: Ridesharing <ul style="list-style-type: none">• Mankiw, Chapter 4, The market forces of supply and demand.• Mankiw, Chapter 5, Elasticity and its application.
3	24-Jan	Market Efficiency and Government Policy: Apartments <ul style="list-style-type: none">• Mankiw, Chapter 6, Supply, demand, and government policies.• Mankiw, Chapter 7, Consumers, producers, and the efficiency of markets.
4	31-Jan	Costs of Production and Competition: Food Carts and Restaurants <ul style="list-style-type: none">• Mankiw, Chapter 13, The costs of production.• Mankiw, Chapter 14, Firms in competitive markets.
5	7-Feb	Urban Land Rent and Growth Controls: Portland's Urban Growth Boundary <ul style="list-style-type: none">• O'Sullivan, Chapter 6, Urban land rent.• O'Sullivan, Chapter 9, Zoning and growth controls.
MIDTERM EXAMINATION ON THURSDAY, FEBRUARY 9, IN CLASS		
6	14-Feb	Review Midterm Examination Housing and Housing Policy <ul style="list-style-type: none">• O'Sullivan, Chapter 14, Why is housing different?• O'Sullivan, Chapter 15, Housing policy.
7	21-Feb	Externalities: Automobile Congestion, Mass Transit, and Active Transportation <ul style="list-style-type: none">• Mankiw, Chapter 10, Externalities.• O'Sullivan, Chapter 10, Autos and highways.• O'Sullivan, Chapter 11, Urban transit.

WEEK NO.	WEEK OF	TOPICS AND ASSOCIATED READINGS
8	28-Feb	<p>Public Goods and Common Resources: Police, Parks, and Libraries</p> <ul style="list-style-type: none"> • Mankiw, Chapter 11, Public goods and common resources. • O’Sullivan, Chapter 16, The role of local government. <p>Government Funding: Taxes, Fees, and Charges</p> <ul style="list-style-type: none"> • Mankiw, Chapter 12, The design of the tax system. • O’Sullivan, Chapter 17, Local government revenue.
9	7-Mar	<p>Income Inequality and Poverty: Minimum Wage</p> <ul style="list-style-type: none"> • Mankiw, Chapter 20, Income inequality and poverty. • Mankiw, Chapter 18, The market for the factors of production. <p>Crime</p> <ul style="list-style-type: none"> • O’Sullivan, Chapter 13, Crime.
10	14-Mar	<p>Urban Growth and Economic Development</p> <ul style="list-style-type: none"> • O’Sullivan, Chapter 3, Why do firms cluster? • O’Sullivan, Chapter 5, Urban growth. <p>“Good” Government: City Structure and Elections</p> <ul style="list-style-type: none"> • O’Sullivan, Chapter 16, The role of local government. <p>Review for Final Examination</p>
Final	21-Mar	<p>FINAL EXAMINATION ON TUESDAY, MARCH 21, 5:30–7:20 PM</p> <p><i>Date, time, and location of exam cannot be changed</i></p> <p>Consult http://www.pdx.edu/registration/final-exams-schedule to verify date and time of exam</p>

Urban economics emphasizes: the spatial arrangements of households, firms, and capital in metropolitan areas; the externalities which arise from the proximity of households and land uses; and the public policy issues which arise from the interplay of these economic forces. Cities exist because production or consumption advantages arise from higher densities and spatially concentrated location. The field of urban and regional economics has become much more empirically oriented over recent decades. In 1990, 49% of publications in the Journal of Urban Economics were empirical, growing to 71% in 2010. Moreover, the set of empirical strategies that are most commonly employed has changed. While most empirical papers in 1990 only used cross-sectional regressions, articles in 2010 were more likely to use instrumental variables (IV), panel data, and nonlinear models.