

USC Dornsife

Economics 387: Urban Economics

Units: 4

Spring 2016

Location: [MHPB7B](#)

Instructor: **Matthew E. Kahn**

Office: KAP 324D

Office Hours: **Tues, Thurs 11am-Noon**

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Teaching Assistant: **Chong Shu**

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Course Description

Urban Economics Spring 2016

Course Description This undergraduate level course applies concepts from microeconomics and statistics to study key topics in Urban Economics. Special emphasis will be placed on the role of designing incentives to reduce urban externalities such as crime, pollution and traffic congestion. We will also focus on the internal organization of cities and how cities compete against each other. We will discuss the agglomeration benefits for individuals and firms from urbanization. Given the enormous urbanization now taking place in the developing world, special attention will be paid to urban growth in LDCs.

Professor Bio

Matthew E. Kahn is a Professor of Economics at USC. He is a research associate at the National Bureau of Economic Research and the IZA. He holds a Ph.D. in economics from the University of Chicago. He has served as a Professor at Columbia University and the Fletcher School at Tufts University and UCLA. He has served as a Visiting Professor at Harvard, Stanford University and the National University of Singapore. He is the author of *Green Cities: Urban Growth and the Environment* (Brookings Institution Press 2006) and the co-author of *Heroes and Cowards: The Social Face of War* (Princeton University Press 2008). He is the author of *Climatopolis: How Our Cities Will Thrive in the Hotter World* (Basic Books 2010). In 2013, he published *Fundamentals of Environmental and Urban Economics* (Amazon Books). His research areas include; environmental, urban, energy and real estate economics.

Research Webpage: mek1966.googlepages.com

Twitter: @mattkahn1966

Green Economics Blog: greeneconomics.blogspot.com

Learning Objectives This course seeks to introduce students to the major ideas in modern urban economics. These ideas will be applied to real world policy issues. Students will gain experience in public speaking, memo writing, data analysis, and hypothesis testing. Students will gain an appreciation for the power of free markets to improve overall urban quality of life.

Prerequisites: Micro economics **Recommended Preparation:** Statistics or Econometrics

Course Notes

All of our class notes and assignments will be posted to our class Blackboard page.

Consult this page often.

https://blackboard.usc.edu/webapps/blackboard/execute/announcement?method=search&context=course&course_id=_148308_1&handle=cp_announcements&mode=cpview

Grading Breakdown

Homeworks	20%
Class Participation	10%
Midterm	15%
Class Paper	20%
Class Final	35%

Required Class Textbook

Jan Brueckner's Lectures on Urban Economics. At the USC bookstore and at Amazon
<http://www.amazon.com/Lectures-Urban-Economics-Jan-Brueckner/dp/0262016362>

Course Schedule: A Weekly Breakdown

Students should do the reading **before class** and be prepared to discuss the readings.

In our typical class, we will spend ½ of the class focusing on formal economic modeling and spend the rest of the class discussing ideas based on the readings.

JB = Jan Brueckner's Book

More readings will be added each weekend before the class each week

	Topics/Daily Activities	Readings and Homework	Deliverable/ Due Dates
Week 1	Why Cities Exist	Glaeser, Edward L. "Are cities dying?." <i>The Journal of Economic Perspectives</i> (1998): 139-160. Edward Glaeser youtube video https://www.youtube.com/watch?v=YaJf01RPphU	
Week 2	Analyzing Urban Spatial Structure	JB Chapter #2 and 3 Zheng, Siqi, and Matthew E. Kahn. "Land and residential property markets in a booming economy: New evidence from Beijing." <i>Journal of Urban Economics</i> 63, no. 2 (2008): 743-757.	HW #1 Due on Monday
Week 3	Land Use Regulation	JB Chapter 4	HW #2 Due

Dates	and Housing Supply	Glaeser EL, Gyourko J. The impact of building restrictions on housing affordability. <i>Economic Policy Review</i> . 2003 Jun;9(2). Glaeser EL, Gyourko J, Saks R. Why is Manhattan so expensive? Regulation and the rise in house prices. National Bureau of Economic Research; 2003 Nov 24. Fischel Chapter 1: https://www.lincolninst.edu/pubs/dl/3551_2896_ZR_Web_Chapter.pdf	
Week 4 Dates	Transportation within and across cities	JB chapter 5 Baum-Snow N, Kahn ME, Voith R. Effects of Urban Rail Transit Expansions: Evidence from Sixteen Cities, 1970-2000 [with Comment]. <i>Brookings-Wharton Papers on Urban Affairs</i> . 2005 Jan 1:147-206. Zheng S, Kahn ME. China's bullet trains facilitate market integration and mitigate the cost of megacity growth. <i>Proceedings of the National Academy of Sciences</i> . 2013 Apr 2;110(14):E1248-53.	HW #3 Due
Week 5 Dates	Housing Demand and Tenure Choice	<i>JB Chapter 6</i> DiPasquale D, Kahn ME. Measuring neighborhood investments: An examination of community choice. <i>Real Estate Economics</i> . 1999 Sep 1;27(3):389-424. Reardon SF, Townsend J, Fox L. Characteristics of the Joint Distribution of Race and Income Among Neighborhoods. Unpublished manuscript. 2014.	HW #4 Due
Week 6 Dates	Housing Policy	JB Chapter 7	
Week 7 Dates	Local Public Goods and Services and taxation	JB Chapter 8 Kahn ME, Barron K. The Political Economy of State and Local Investment in Pre-K Programs. National Bureau of Economic Research; 2015 May 21.	Midterm
Week 8 Dates	City Quality of Life and Markets	JB Chapter 11	HW #6 Due
Week 9 Dates	Urban Pollution and the environment and climate resilience	JB chapter 9 Kahn and Climatopolis Cities and the Environment, handbook chapter	HW #7 Due
Week 10 Dates	Crime	JB Chapter 10	HW #8 Due

		<p>Schwartz AE, Susin S, Voicu I. Has falling crime driven New York City's real estate boom?. <i>Journal of Housing Research</i>. 2003;14(1):101-36.</p> <p>Reyes JW. Environmental policy as social policy? The impact of childhood lead exposure on crime. <i>The BE Journal of Economic Analysis & Policy</i>. 2007 May 11;7(1).</p>	
Week 11 Dates	Learning and Agglomeration in Cities	<p>Moretti Notes http://www.econ.brown.edu/faculty/henderson/cities5.pdf Zheng, Kahn, Sun and Wu, <i>Industrial Parks in China</i></p>	Policy Paper Due
Week 12 Dates	Cross-City Competition for jobs and households	<p>Greenstone M, Hornbeck R, Moretti E. Identifying agglomeration spillovers: Evidence from winners and losers of large plant openings. <i>Journal of Political Economy</i>. 2010 Jun;118(3):536-98.</p>	HW #9
Week 13 Dates	City Growth in the Developing World	<p>Urbanization and Growth Chapters from the World Bank Report https://www.youtube.com/watch?v=rUlBTsqY76U</p>	HW #10
Week 14 Dates	Urban Governance in the Developing World	<p>Feler L, Henderson JV. Exclusionary policies in urban development: Under-servicing migrant households in Brazilian cities. <i>Journal of Urban Economics</i>. 2011 May 31;69(3):253-72.</p> <p>Zheng S, Kahn ME, Sun W, Luo D. Incentives for China's urban mayors to mitigate pollution externalities: The role of the central government and public environmentalism. <i>Regional Science and Urban Economics</i>. 2014 Jul 31;47:61-71.</p>	
Week 15 Dates	Review: Opportunities and Challenges		
FINAL Date TBA			<p>Date: For the date and time of the final for this class, consult the <i>USC Schedule of Classes</i> at www.usc.edu/soc.</p>

Statement on Academic Conduct and Support Systems

Academic Conduct

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://capsnet.usc.edu/department/departement-public-safety/online-forms/contact-us>. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

Support Systems

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services* and *Center Programs* http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, *USC Emergency Information* <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.