Economics 345/554: URBAN ECONOMICS

Course outline and lots of literature

As we come to each topic, we will give an updated list of required and optional readings. You should regard the following more of a starting bibliography than a reading list. The most important papers are starred (*) and highlighted. Others are optional and good choices for your technical review.

You should also see this list as a guide, rather than something you are expected to master. The McDonald and McMillen text is the core, and you should read it. You are also responsible for everything covered in the notes. If that material is technical, we will cover it in class, and not expect you to cover much else. If it is not terribly technical from the standpoint of theoretical difficulty, we will expect you to read one or more of the optional readings, and be prepared to discuss it in class. Finally, we should note that many of the topic delineations (and hence reading assignments) are rather arbitrary. Don’t worry about it: as the semester progresses, earlier pieces will fit into the topics we are discussing. The structure as presently designed is one that bounces back and forth, gradually building technical models during the course of the semester, rather than providing half a semester of grueling models, followed by policy and implications. We think you’ll enjoy this mixed approach more.

2017 new readings

Victor Yifan Ye, Charles M. Becker (2016), The Z-axis: Elevation Gradient Effects in Urban America, ERID working paper no. 217

Victor Yifan Ye, Charles M. Becker (2016), Anticipation, Distance, Elevation: Multi-dimensional Gradients in Urban Spatial Modelling, ERID working paper no. 202


Tsharakyan, Ashot, and Petr Zemčík. "Did rent deregulation alter tenure choice decisions in the Czech Republic?" *Economics of Transition* (2016).


sommeiller, estelle, mark price, and ellis wazeter, 2016, “income inequality in the us by state, metropolitan area, and county,” washington dc: economic policy institute.


**Overview: thinking of cities from an economic perspective**

**Introductory Lecture: Why do cities exist?**

- McDonald & McMillen, Chs. 1-3. *

**Stylized facts and patterns I: big and small cities**

Stylized facts and patterns II: central place theory

- McDonald & McMillen, Ch. 4 and 5.

Stylized facts and patterns III: urban economic growth

- McDonald & McMillen, Chs. 22.

Economic Models of Cities

Land rent and urban structure

- McDonald & McMillen, Ch. 6.

Land use in the monocentric and modern cities

- McDonald & McMillen, Chs. 7-8.
Agglomeration and other economies


Land use controls, zoning, and the Tiebout model

US Racial Housing Segregation and housing demand
Household sorting, search costs, and segregation

- McDonald & McMillen, Chs. 9-10. 17-21.
- David Cutler, Edward Glaeser, and Jacob Vigdor, 2008, “When are ghettos bad? Lessons from immigrant
segregation in the United States,” Cambridge, MA: Harvard University, Department of Economics HIER discussion paper no. 2152.


- Rauh, Alison, 2013, “Convergence between Black immigrants and Black natives across and within generations,” University of Chicago Department of Economics unpublished ms.


- Darity, William and Darrick Hamilton, Eds. 2015 (June), special issue on stratification economics (see especially papers by Ards et al.) Review of Black Political Economy 42(1-2).


More models


**Real Estate**

Real Estate Law, Institutions, and Markets (demand and supply)

• McDonald & McMillen, Chs. 11-13. *

**Mobile homes**


**Sub-prime mortgages and other financial issues**


- Benjamin Keys, Tanmoy Mukherjee, Amit Seru, and Vikrant Vig, 2008, “Did securitization lead to lax screening? Evidence from subprime loans,” Chicago: University of Chicago, Graduate School of Business,
unpublished ms.


- Freddie Mac, 2013 (March), “Freddie Mac Update.”

Housing booms and busts


**Local governments, property rights, and local economic development**


• Jan Rouwendal and J. Willemijn van der Straaten, 2008, “The costs and benefits of providing open space in cities,” Amsterdam: Tinbergen Institute *discussion paper TI 2008-001/3*.


**International real estate topics**


• Somik Lall and Mattias Lundberg, 2008, “What are public services worth, and to whom? Non-parametric estimation of capitalization in Pune,” *Journal of Housing Economics* 17: 34-64.


• Sherry Z. Zhou and Helen X.H. Bao, “Modeling price dynamics in the Hong Kong property market,” Kowloon, HK: City University of Hong Kong, unpublished ms.
• Ren, Yu et al., 2012, “Housing price bubbles in China,” Fujian, China: Xiamen Univ working paper.
• Harari, Mariaflavia, 2015, “Cities in bad shape” urban geometry in India,” Cambridge, MA: MIT Dept. of Economics.

Property rights in developing countries and other local government issues


**Urban Transportation**

*Autos, highways, and congestion*

- McDonald & McMillen, Ch. 15-26.*

**Mass Transit**


**Business Location Theory & Economic Geography**

*Business location and the core model of spatial economics*

- McDonald & McMillen, Ch. 22-24.*

City and business location II: economic development strategies


Population Explosions and Productivity Growth Centers: Cities in Developing Countries

• Marx, Benjamin et al., 2013, “The economics of slums in the developing world,” Journal of Economic Perspectives 27(4).

**Urban growth in developing countries**


**Labor markets and migration in developing countries**


• Sandra Poncet, 2006, “Provincial dynamics in China: borders, costs and economic motivations,” *Regional Science*