

GY201: Location and Spatial Analysis

URBAN ECONOMICS

Lecture Syllabus—*Lent Term 2007*

Course Convener / Lecturer

Dr. Frédéric Robert-Nicoud (Room S513a)

Office hours on Tuesdays 14:20 – 15:50

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Lecture and Class Times

Lecture

Monday 10:00-12:00, 2 hour lecture in week 5, room H103

Tuesday 17:00-19:00, 2 hour lecture in weeks 1-2 and 4-9, room H216

Thursday 17:00-19:00, 2 hour lecture in week 9, room H216

Classes

See handout week L1

Teaching Material

Lecture handouts and relevant electronic papers can be downloaded from GY201's **public folder** (Public Folders\All Public Folders\Departments\Geography\Undergraduate Students\2006-2007 courses\GY201\). If handouts can not be made available prior to the lecture, they will be handed out during the lecture. Otherwise, you are responsible for downloading and printing the relevant documents prior the lecture.

Assessment

The assessment is by means of a formal three hour written examination in the Summer Term (75%) and **one** 2,000 word essay (25%). Deadline: early May (to be determined soon).

Provisional Syllabus—*Lent Term 2007*

Note: The syllabus below outlines the approximate time schedule of the lectures.

URBAN ECONOMICS

- Topic 1 Introduction and Overview
- What is urban economics?
 - Stylised facts on cities and urban processes

I MARKET FORCES IN THE DEVELOPMENT OF CITIES

- Topic 2 Market Forces in the Development of Cities I
- Why do cities exist?
 - The role of agglomeration economies (theory)

- Topic 3 Market Forces in the Development of Cities II
- Testing for agglomeration economies
 - Urban systems: City size, specialisation, and urban evolution

II LAND RENT AND URBAN LAND USE PATTERNS

- Topic 4 Land Rent and Urban Land Use Patterns I
- Traditional theories on land rent and land use
 - Fundamental theories of suburbanization
 - The monocentric city model—part 1

- Topic 5 Land Rent and Urban Land Use Patterns II
- The monocentric city model—part 2
 - Multicentric cities and edge cities

III THE ROLE OF THE GOVERNMENT AND HOUSEHOLD SORTING

- Topic 6 Introduction: The Role of the Government

- Topic 7 Land Use Controls and Zoning
- The history of land use controls
 - Welfare economic and political economic perspective of zoning
 - Empirical evidence on the effects of zoning

- Topic 8 The Role of Local Governments: Provision of Local Public Goods
- (a) Theory
- Centralised vs. decentralised public good provision
 - Territorial competition and the Tiebout hypothesis
 - Tiebout sorting and house price capitalization
- (b) Empirical Evidence
- Are local public goods capitalized into house prices?
 - Is Tiebout sorting increasing over time?
 - Are local public goods relevant for residential location choices?

- Topic 9 Neighbourhood Effects, Segregation, and Poverty in the Central City
- Neighbourhood effects
 - Some empirical facts on segregation and poverty
 - Theories of Segregation

IV OUTLOOK (if time permits)

- Topic 10 The Future of Cities: Are Cities Dying?
- Assessment of Benefits and Costs of Cities

Expected Timetable—*Lent Term 2006*

<i>Week</i>	<i>Date (Weekday), Time</i>	<i>Lecture/Class</i>
Week 1	Jan 09 (Tue), 17 :00-19 :00	Lecture 1 (2h)
Week 2	Jan 16 (Tue), 17 :00-19 :00	Lecture 2 (2h) Classes
Week 3		No lecture
Week 4	Jan 30 (Tue), 17 :00-19 :00	Lecture 3 (2h) Classes
Week 5	Feb 05 (Mon), 17 :00-19 :00 Feb 06 (Tue), 17 :00-19 :00	Lecture 4 (2 hours) Lecture 5 (2 hours)
Week 6	Feb 13 (Tue), 17 :00-19 :00	Lecture 6 (2h) Classes
Week 7	Feb 20(Tue), 17 :00-19 :00	Lecture 7 (2h)
Week 8	Feb 27 (Tue), 17 :00-19 :00	Lecture 8 (2h) Classes
Week 9	Mar 06 (Tue), 17 :00-19 :00 Mar 08 (Thu), 17 :00-19 :00	Lecture 9 (2 h) Lecture 10 (2h) Classes
Week 10	<i>No lectures and classes due to GY240 field trip</i>	

Reading List

The reading list below is provisional in nature. A revised reading list may be handed out during the term. In order to make your life as easy as possible

- I will make **compulsory readings that exist as electronic versions** available in **GY201's Public Folders**. References indicated as **PUBLIC FOLDERS** can be accessed and downloaded using Microsoft Outlook. The path is as follows: *Public Folders\All Public Folders\Departments\Geography\Undergraduate Students\2006-2007 courses\GY201\LentTerm\EReadings*. The public folder contents will be updated throughout the term.
- You can collect copies of **compulsory non-electronically available texts** from myself and/or the class teacher.
- All listed (compulsory and other recommended) readings are available at the library and many papers can be downloaded from LSE's electronic library (<http://www.lse.ac.uk/library/elelib.htm>; for journal articles see: <http://zw4gk5cr3l.search.serialssolutions.com/>). If you don't know how to use the library's electronic journal system, then please ask one of the librarians.

I Main Text Book

The main textbook that will be used throughout the term is

- [1] O'SULLIVAN A., 2003, *Urban Economics* (5th Edition), Irwin/McGraw-Hill. Course Collection HT321 O81. (ISBN 0-07-119945-4)

You can find five copies of the book (5th edition) in the library. One copy of the 4th edition is available in the MAP ROOM (Note: chapters differ!).

The text book (6th edition) should be available at LSE's Waterstone bookstore (**please let me know if this is not the case**). Additional copies can be ordered within 3-5 business days.

Since nearly all chapters are compulsory reading, it may make a worthwhile buy.

II Alternative Urban Economics Textbooks

- [2] **MCDONALD J.**, 1997, *Fundamentals of Urban Economics*, Prentice Hall, Englewood Cliffs (N.J.). Course Collection HT321 M34 / RELEVANT CHAPTERS IN THE MAP ROOM (GY457 folder)
- [3] **BOGART W. T.**, 1998, *The Economies of Cities and Suburbs*, Prentice Hall, Englewood Cliffs (N.J.). Course Collection HT321 B66 / RELEVANT CHAPTERS IN THE MAP ROOM (GY457 folder) (This book is no longer available in UK book stores)
- [4] **DIPASQUALE D.**, AND **WHEATON W.**, 1996, *Urban Economics and Real Estate Markets*, Prentice Hall, Englewood Cliffs (N.J.). Course Collection HD257 D59.
- [5] **MILLS E. S. & HAMILTON B.**, 1994, *Urban Economics* (5th Ed.), Harper Collins. Course Collection HT321 M65.
- [6] **CHESHIRE P. C. & E. S. MILLS**, 1999, *Handbook of Regional and Urban Economics, Vol. III: Applied Urban Economics*, North Holland. Course Collection HT391.3 H23.
- [7] **FUJITA, M.** 1989, *Urban Economic Theory. Land Use and City Size*, Cambridge. Course Collection HD111 F96 (advanced text book).

III Provisional Reading List by Lecture

Lecture 1—Introduction and Overview

(What is urban economics?—Stylised facts on cities and urban processes)

Compulsory Reading (prior to first class in week 2)

- [1] O’SULLIVAN, Chapter 1

Other Recommended Reading

- [3] BOGART, Chapters 1 and 2.

Lecture 2—Market Forces in the Development of Cities I

(Why do cities exist?—The role of agglomeration economies)

Compulsory Reading

- [1] O’SULLIVAN, Chapters 2 & 3

Other Recommended Readings

- [1] O’SULLIVAN, Chapter 4
- [2] McDONALD, Chapters 3 and 12
- [3] BOGART, Chapters 1 and 2.
- [8] CICCONE A., AND HALL R., 1996, “Productivity and the Density of Economic Activity”, *American Economic Review* 86, 54-70. Main Collection HB1 / PUBLIC FOLDERS
- [9] GLAESER, E. L., H. D. KALLAL, J. A. SCHEINKMAN, AND ANDREI SHLEIFER. 1992. Growth in Cities. *Journal of Political Economy* 100: 1126-52. Main Collection HB1 / PUBLIC FOLDERS
- [10] HENDERSON V., KUNCORO A., AND TURNER M., 1995, “Industrial Development in Cities”, *Journal of Political Economy* 103, 1067-1090. Main Collection HB1 / PUBLIC FOLDERS
- [11] JAFFE A., TRAJTENBERG M., AND HENDERSON R., 1993, “Geographic Localization of Knowledge Spillovers as Evidenced by Patent Citations”, *Quarterly Journal of Economics* 108, 577-598. Main Collection HB1 / PUBLIC FOLDERS

Lecture 3—Market Forces in the Development of Cities II

(Testing for agglomeration economies—Urban systems: City size, specialisation, and urban evolution)

Compulsory Reading

- [1] O’SULLIVAN, Chapter 5

Other Recommended Readings

- [2] McDONALD, Chapter 4.
- [12] ADES A., AND GLAESER E., 1995, “Trade and Circuses: Explaining Urban Giants”, *Quarterly Journal of Economics* 110, 195-228. Main Collection HB1 / PUBLIC FOLDERS

- [13] CHESHIRE P., 1995, "A New Phase of Urban Development in Western Europe? The Evidence of the 1980s", *Urban Studies* 32, 1045-1063. Main Collection HT103 / PUBLIC FOLDERS
- [14] CHESHIRE P., 1999, "Trends in Sizes and Structures of Urban Areas", in Cheshire & Mills, *Handbook of Regional and Urban Economics, Vol. III: Applied Urban Economics*, 1339-1373 (Chapter 35), North Holland. Course Collection HT391.3 H23 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS
- [15] DURANTON G., AND PUGA D., 2000, "Diversity and Specialization in Cities: Why, Where and When Does it Matter?", *Urban Studies* 37 (3), 533-555. Main collection HT 103 / PUBLIC FOLDERS

Lecture 4—Land Rent and Urban Land Use Patterns I

(Traditional theories on land rent and land use—Fundamental theories of suburbanization—The monocentric city model [part 1])

Compulsory Reading

- [1] O’SULLIVAN, Chapters 7 & 8
- [16] MIESZKOWSKI P., AND MILLS E., 1993, "The Causes of Metropolitan Suburbanization", *Journal of Economic Perspectives* 7, 135-147. Main collection HB1 / PUBLIC FOLDERS

Other Recommended Readings

- [2] McDONALD, Chapters 5 and 6.
- [4] DiPASQUALE-WHEATON, Chapter 3.
- [17] BRUECKNER J., 1987, "The Structure of Urban Equilibria", *Handbook of Regional and Urban Economics*, Vol. II, 821-846. Course Collection HT391.3 H23 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS

Lecture 5—Land Rent and Urban Land Use Patterns II

(The monocentric city model [part 2]—Multicentric cities and edge cities)

Compulsory Reading

- [1] O’SULLIVAN, Chapter 9

Other Recommended Readings

- [2] McDONALD, Chapter 7
- [4] DiPASQUALE-WHEATON, Chapter 5

- [18] HENDERSON J.V., AND MITRA A., 1996, “The new urban landscape: Developers and Edge cities”, *Regional Science and Urban Economics* 26, 613-643. Main Collection HT390 / PUBLIC FOLDERS
- [19] McDONALD J. AND PRATHER P., 1994, “Suburban Employment Centres: The Case of Chicago”, *Urban Studies* 31, 201-218. Main Coll. HT103 / PUBLIC FOLDERS

Lecture 6—Land Use Control and Zoning

(The history of land use controls—Benefits and costs of land use controls—Empirical evidence on the effects of zoning)

Compulsory Reading

- [1] O’SULLIVAN, Chapter 10

Other Recommended Readings

- [3] BOGART, Chapter 10
- [20] GLAESER, E. L. AND J. GYOURKO, 2002, “The Impact of Zoning on Housing Affordability”, NBER Working Paper 8835, March 2002. / PUBLIC FOLDERS
- [21] POGOZINSKI J., AND SASS T., 1990, “The Economic Theory of Zoning: A critical Review”, *Land Economics* 66, 294-314. Main Collection HD101 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS
- [22] POGOZINSKI J., AND SASS T., 1991, “Measuring the Effects of Municipal Zoning Regulations: A Survey”, *Urban Studies* 28, 597-621. Main Collection HT103 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS
- [22a] POGOZINSKI J., AND SASS T., 1994, “The Theory and Estimation of Endogenous Zoning”, *Regional Science and Urban Economics* 24, 601-630. PUBLIC FOLDERS
- [22b] CHESHIRE, P., AND S. SHEPPARD, 2004, “The Introduction of Price Signals into Land Use Planning Decision-Making: A Proposal”, Forthcoming *Urban Studies*. PUBLIC FOLDERS

Lecture 7—The Role of Local Governments I (Theory)

(The government and location decisions— Centralised vs. decentralised public good provision—Territorial competition and the Tiebout hypothesis—Tiebout sorting and house price capitalization)

Compulsory Readings

- [1] O’SULLIVAN, Chapters 13 & 19

- [23] TIEBOUT C. M., 1956, "A Pure Theory of Local Expenditures", *Journal of Political Economy* 64, 416-424. Main Collection HB1 / PUBLIC FOLDERS

Other Recommended Readings

- [2] McDONALD, Chapter 10
- [24] OATES W., 1991, "Decentralization of the Public Sector: An Overview", in Oates, *Studies in fiscal federalism*, 49-64, Aldershot, U.K. Main Collection HJ192 O11 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS
- [25] OATES W., 1999, "An Essay on Fiscal Federalism", *Journal of Economic Literature* 37, Main Collection ZHB34 / PUBLIC FOLDERS

Lecture 8—The Role of Local Governments II (Empirical Evidence)

(Are local public goods capitalized into house prices?—Is Tiebout sorting increasing over time?—Are local public goods relevant for residential location choices?)

Compulsory Readings

- [1] O'SULLIVAN, Chapter 20
- [26] OATES W. E., 1969, "The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and the Tiebout Hypothesis", *Journal of Political Economy* 77, 957-971. Main Collection HB1 / PUBLIC FOLDERS

Other Recommended Readings

- [1] DiPASQUALE-WHEATON, Chapter 13
- [27] CHAUDRY-SHAH, A., 1988, "Capitalization and the Theory of Local Public Finance: An Interpretive Essay", *Journal of Economic Surveys* 2, 209-243. Main Collection HB1 / MAP ROOM / PUBLIC FOLDERS
- [28] DOWDING ET AL., 1994, "Tiebout: A Survey of the Empirical Literature", *Urban Studies* 31, 767-97. Main Collection HT390 / MAP ROOM (GY457 folder) / PUBLIC FOLDERS
- [29] HILBER, C AND C. MAYER, 2004, "Why Do Households without Children Support Local Public Schools?", NBER Working Paper No. 10804, September. PUBLIC FOLDERS or <http://www.nber.org/papers/w10804>
- [30] HILBER, C AND C. MAYER, 2004, "School Funding Equalization and Residential Location for the Young and the Elderly" *Brookings-Wharton Papers on Urban Affairs* 2004 Issue 5, 107-148. PUBLIC FOLDERS

Lecture 9—Neighbourhood Effects, Segregation, and Poverty in the Central City

(Neighbourhood effects—Some empirical facts on segregation and poverty—Theories of Segregation)

Compulsory Reading

- [1] O’SULLIVAN, Chapters 13 & 14

Other Recommended Readings

- [31] CUTLER, D. M. AND E. L. GLAESER, 1997, “Are Ghettos Good or Bad?”, *Quarterly Journal of Economics* 112(3), 827-72. Main Collection HB1 / PUBLIC FOLDERS
- [32] CUTLER, D. M., E. L. GLAESER, AND J. L. VIGDOR, 1999, “The Rise and Decline of the American Ghetto”, *Journal of Political Economy*, 107(3), 455-506. Main Collection HB1 / PUBLIC FOLDERS

Lecture 10—The Future of Cities: Are Cities Dying?

(Assessment of Benefits and Costs of Cities)

Compulsory Reading

- [33] GLAESER E., 1998, “Are Cities Dying?”, *Journal of Economic Perspectives* 12 (2), 139-160. Main Collection HB1 / PUBLIC FOLDERS

Classes

Students are expected to participate actively during the classes. The classes will start on the second week of term and will generally take place bi-weekly (see page 3 for the precise schedule).

During classes, the main points of the previous lectures will be reviewed and some points may be re-explained on students' demand. Classes may take different forms (e.g., discussions and debates on given topics, presentations by students of some texts and/or topics).

For each class, the students in charge should produce a short written memo based on their presentation. This should be distributed to everyone attending.

Class Assignment—*Lent Term 2006*

Will be handed out during the first class.

Class Schedule and Topics—*Lent Term 2006*

Will be handed out during the first class.

Criteria for Marking Written Work

Explicit marking criteria are utilized to ensure assessment reliability and validity. The following 7 criteria are utilized to mark essays:

1. Presentation and Clarity of Expression

In a good essay, the presentation shows a polished and imaginative approach to the topic. Thoughts and ideas are clearly expressed. Grammar and spelling are accurate and a fluent academic writing style is applied.

2. Referencing

Referencing is consistently accurate using usual procedures.

3. Use of literature

Use of a wide range of sources, which have been thoroughly analyzed, applied, and discussed. The use of the literature has developed from own ideas. The use of the literature is justified.

4. Use of Theory

Assignment demonstrates integration and innovation in the selection and handling of theory.

5. Critical Analysis of Theory

Assignment consistently demonstrates application of critical analysis well integrated in the text.

6. Application of Theory to Practice

Theory applied to real world examples; topic applied to personal, social, and professional practice; practice relevant; innovative.

7. Conclusions

Clear conclusions well grounded in analysis, theory and literature, showing developments of new concepts.

Check-List for Oral Presentations (Class Presentations)

1. Visual aids

Clarity	clear = +	confusing = -
Handling	adept = +	clumsy = -
Variety	much = +	none = -
Independence	much = +	over-reliant = -

2. Voice

Volume	appropriate = +	too loud / quiet = -
Intonation	varied = +	monotonic = -
Speed	paced = +	too slow / fast = -

3. Interaction

Gesture	appropriate = +	inappropriate = -
Eye contact	appropriate = +	inappropriate = -
Movement	dynamic = +	static = -
Countenance	friendly = +	hostile = -
Orientation	facing = +	hidding = -

4. Content

Narrative	structured = +	unstructured = -
Illustration	examples = +	none = -
Humour	appropriate = +	inappropriate = -
Creativity	original = +	unimaginative = -
Detail	relevant = +	irrelevant = -
Reflection	critical = +	descriptive = -
Involvement	enthusiastic = +	bored = -

5. Teamwork

Co-ordination	integrated = +	isolated = -
Emergency	helped = +	no help = -
Workload	equal = +	unequal = -

6. Answering questions

Quality	articulate = +	monosyllabic = -
Relevance	appropriate = +	inappropriate = -
New ideas	adaptable = +	dogmatic = -

Advice on How to Prepare and Give Short Presentations

Note: This advice has been prepared by Dr. Julian, Reader in Physics at Cambridge University, who has kindly given his permission for the wider use of the document.

Throughout your career in science or elsewhere, the only glimpse many people will have of you will be when you give presentations. Early in your career most of your presentations will be short, so you must be as effective as possible.

Before You Start Preparing

1. Think first of all about your audience, what do they already know about the subject of your talk?
2. What is the purpose of your talk? In other words, what do you want the audience to remember from your talk? You will be lucky if, one week later, any of them remembers *anything* you have said, so don't be too ambitious. Also, it is difficult to successfully communicate more than one or two key ideas in a 10 to 15 minute talk. So focus on conveying the most important information in a way that will be remembered.

Preparation

1. Make up a title that captures the main theme of the talk.
2. Organize the talk: divide it into Introduction, Main Body and Summary. Pay attention to the logical flow of ideas. Explain why your topic is interesting.
3. Design your transparencies. It will help if you sketch them on paper in cartoon form first. Some rules for transparencies:
 - don't put too much information on each one,
 - use large lettering (about-5mm minimum, preferably larger),
 - use black or dark colours - don't use yellow or mix red and green.
4. Rehearse your talk. *This is the only way to get the timing right*, which is important. Also, it ensures that you have the material straight in your mind. Thus, you can focus on your presentation, rather than trying to remember the material while speaking.

Giving the Talk

1. Speak clearly and not too quickly, avoid um's and ah's between words.
2. Don't drop your voice at the end of sentences.
3. Make eye contact with the audience. Facing the audience and pointing to the transparency may block the view of some people and/or expose shaking hands. If necessary, use a long pointer to point to the screen, but don't stand for long periods of time with your back to the audience.
4. Explain all jargon or, if possible, avoid it.

Controlling Nervousness

Everyone gets nervous speaking in public. It might be helpful to:

- memorize the first few lines of your talk;
- keep a list of keywords on a separate sheet of paper, or on a page behind each transparency;
- take a few deep breaths before you begin; .pretend you are talking to one person; relax and try to enjoy yourself!

Note on Handouts

- The handouts are typically designed as ‘skeleton’ lecture notes. They provide the ‘bare bones’ of the lecture. They are the absolute essentials such as key points, precise definitions, or difficult-to-draw graphs. Skeleton notes leave you to ‘flesh out’ the subject matter in your own words.
- The handouts are intended to free you from excessive note-taking so that you can take a more active part in the session. They are intended to help you to organize and reflect on course material.
- The handouts are by no means complete. Furthermore, reading handouts (lecture notes) without attending the lecture can be misleading. The handouts do not dispense you to do three things:
 1. Attend the lectures - Understanding lecture notes is much easier after the lecture
 2. Do the readings – Handouts can at best provide an overview and summary of a particular topic. Readings help you to reflect, question, and—finally—understand a particular subject matter.
 3. Reflect and think about the issues and the problems - This is the main objective of my handouts.
- As we assess analytical skills and critical independent thinking, do not reproduce lecture notes in exams, essays and dissertations (long essays). Reproducing lecture notes does not demonstrate your ability to think and to use what you have learned intelligently. It just demonstrates that you have a good memory.
- Finally, **feedback on handouts / lecture notes is highly appreciated**. Knowing what is unclear and could be improved helps me to improve the effectiveness of my teaching and the effectiveness of your learning.

Note on Plagiarism

What is plagiarism? Plagiarism ranges from unacknowledged borrowing of original ideas and citations to the wholesale copying of somebody else’s work. In other words, plagiarism is at the same time a theft of intellectual property and cheating. Students (or staff for that matter) found guilty of plagiarism can be expelled from the School.