

University of Washington
Department of Urban Design and Planning/Evans School of Public Policy & Governance
Spring 2021

URBDP 561/PUBPOL 561

Urban Economics and Public Policy

INSTRUCTOR: Professor Qing Shen
Office: home; online; Email: qs@uw.edu

TA: Yiyuan Wang (PhD student in Urban Design and Planning)
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LECTURES: Tuesday 6:00—8:50 PM; Classroom: Zoom

OFFICE HOUR: Friday 2:00—4:00 PM or by appointment
Office: Zoom

TA OFFICE HOURS: Tuesday 3:00—5:00 PM or by appointment
Office: Zoom

Course Description

This course introduces students to the fundamentals of urban economics and offers students an opportunity to explore current urban planning and policy issues by applying the concepts and tools of urban economics. The first half of the course consists of theoretical and empirical examinations of: (1) the location decisions of firms and households and how these decisions cause the development of cities, (2) land rent and the spatial distribution of economic activities and population groups within cities, and (3) the spatial aspects of urban poverty. These topics are essential for understanding the role of market forces in the formation and evolution of cities. They also provide an intellectual basis for defining the role of planning and policy in shaping the urban future. The second half of the course explores economic approaches to selected urban planning and policy problems. It addresses issues related to urban transportation, smart growth, and future cities. In addition, it explores emerging challenges and opportunities for urban planning and policy.

Requirements and Grading

Students will be required to complete **two problem sets, a mid-term exam, and a term paper**.

Final grades will be weighted as follows:

Problem Sets:	25%
Mid-term Exam:	30%
Term Paper:	35%
Class Participation:	10%

Assignments and term paper must be submitted by their due dates (*Digital copy only*, submitted to Canvas).

Mid-term exam will be ***during the regular class time***.

Prerequisite

Successful completion of an introductory microeconomics course, or permission of the instructor.

Required Text

O’Sullivan, Arthur. 2019. *Urban Economics*. 9th edition. New York: McGraw-Hill.

Here is the link for the ebook for students:

<https://www.mheducation.com/highered/product/urban-economics-o-sullivan/M9780078021787.html>

A large portion of the required readings for the course will be from this textbook. Copies of this book are available for purchase or rental online.

Course Outline

Date	Topics	Assignment (due in class)
T, 3/30	Introduction <ul style="list-style-type: none">Course OverviewConcepts of City, Urban Area, and Metropolitan AreaWhy Do Cities Exist?	
T, 4/6	Firm Location Decisions <ul style="list-style-type: none">Where Do Cities Develop?Why Do Firms Cluster?	Assignment #1 distributed
T, 4/13	Urban Growth <ul style="list-style-type: none">The System of CitiesUrban Economic Growth	
T, 4/20	Land Rent and Urban Land Use <ul style="list-style-type: none">Land Rent and Land UseLand Use in the Monocentric City	Assignment #1 due Assignment #2 distributed
T, 4/27	Spatial Aspects of Urban Poverty <ul style="list-style-type: none">Neighborhood Choice, Sorting, and SegregationSuburbanization and Industrial TransformationSpatial Mismatch?	Term paper assigned
T, 5/4	Urban Transportation <ul style="list-style-type: none">AutosPublic Transit	Assignment #2 due
T, 5/11	Mid-term Exam (during class)	Please do not miss it!
T, 5/18	Integrating Transportation and Land Use <ul style="list-style-type: none">Land Use-Transportation ConnectionRestructuring Urban Space through Planning and Policy	Abstract of term paper due
T, 5/25	Debriefing on Term Papers <ul style="list-style-type: none">Every student briefly talks about her/his term paper3 minutes each	1-3 pages of PPT slides due by noon Brief presentation of term paper ideas
T, 6/1	Shaping Urban Future <ul style="list-style-type: none">Forces that will reshape cities	

	▪ Implications for urban planning and policy	
T, 6/8	No Class – Final Examination Week	Work on term paper
Th, 6/10	End of Class	Term paper due by 5PM

Readings

Readings that are journal articles can be located through the University's E-journals. Other required readings will be available in the course pages on Canvas. Supplementary readings may be provided later in the spring quarter.

(Note: *Readings marked by ** are required.*)

3/30 Introduction

** O'Sullivan, chapters 1-4

** O'Sullivan, 8th edition, appendix (*for students who need to review microeconomics*)

** Quigley, John M. 1998. Urban Diversity and Economic Growth. *Journal of Economic Perspectives*, 12: 127-138.

Carlino, G. A., S. Chatterjee, and R. M. Hunt. 2007. Urban Density and the Rate of Invention. *Journal of Urban Economics*, 61: 389-419.

Economist, 2007. The World Goes to Town. *Economist* 3 May 2007.
<http://www.economist.com/node/9070726/>

Glaeser, E. and W. Kerr. 2008 Industrial Agglomeration and Entrepreneurship. *VoxEU*
<https://voxeu.org/article/industrial-agglomeration-and-entrepreneurship>

Puga, Diego. 2010. The Magnitude and Causes of Agglomeration Economies. *Journal of Regional Science* 50(1):203-19.

Yeates, M. 1998. *The North American City*. Chapter 2. New York: Longman. pp. 33-42.

4/6 Firm Location Decisions

** O'Sullivan, chapters 5-6

** The World Bank. 2009. World Development Report 2009, Chapter 5 and Chapter 6. *The World Bank, Washington DC*.

Davis, D. R. and D. E. Weinstein. 2002. Bones, Bombs, and Break Points: The Geography of Economic Activity. *The American Economic Review*, 92: 1269-1289.

Flores, R. G. and R. V. Aguilera. 2007. Globalization and Location Choice: An Analysis of US Multinational Firms in 1980 and 2000. *Journal of International Business Studies*, 38: 1187-1210.

Saxenian, AnnaLee. 1996. Inside-Out: Regional Networks and Industrial Adaptation in Silicon Valley and Route 128. *Cityscape* 2(2): 41–60.
<http://www.huduser.org/Periodicals/CITYSCPE/VOL2NUM2/saxenian.pdf>

Yeates, M. 1998. *The North American City*. Chapter 2. New York: Longman. pp. 42-59.

Amazon Chooses 20 Finalists for Second Headquarters
<https://www.nytimes.com/2018/01/18/technology/amazon-finalists-headquarters.html>

Amazon reveals the truth on why it nixed New York and chose Virginia for its HQ2
<https://www.cnbc.com/2019/07/10/amazon-reveals-the-truth-on-why-it-nixed-ny-and-chose-virginia-for-hq2.html>

4/13 Urban Growth

** O’Sullivan, chapters 7-8

** Glaeser, E. and Lu, M. 2018. Human Capital Externalities in China. *VoxEU*
<https://voxeu.org/article/human-capital-externalities-china>

Bartik, Timothy J. 1990. The Market Failure Approach to Regional Economic Development Policy. *Economic Development Quarterly* 4(4): 361–70.

Glaeser, E.L. and Saiz, A., 2003. *The rise of the skilled city* (No. w10191). National Bureau of Economic Research.
<http://www.nber.org/papers/w10191.pdf>

Greenstone, M. and E. Moretti. 2003. *Bidding for Industrial Plants: Does Winning a ‘Million Dollar Plant’ Increase Welfare?* NBER Working Paper 9844.
<http://www.nber.org/papers/w9844>

O’Flaherty, B. 2005. *City Economics*. Harvard University Press. Chapter 18.

Shearmur, R. and M. Polèse. 2007. Do Local Factors Explain Local Employment Growth? Evidence from Canada, 1971–2001. *Regional Studies*, 41: 453-471.

4/20 Land Rent and Urban Land Use

** O’Sullivan, chapters 10-12

Alonso, W. 1964. *Location and land use. Toward a general theory of land rent*. Harvard University Press.

Brueckner, J. K., J. F. Thisse, and Y. Zenou. 1999. Why Is Central Paris Rich and Downtown Detroit Poor? An Amenity-Based Theory. *European Economic Review*, 43: 91-107.

LeRoy, Stephen, and Jon Sonstelie. 1983. Paradise Lost and Regained: Transportation Innovation, Income, and Residential Location. *Journal of Urban Economics* 13:67-89.

Melo, Patricia C., Daniel J. Graham, David Levinson, and Sarah Aarabi. 2017. Agglomeration, Accessibility and Productivity: Evidence for Large Metropolitan Areas in the US. *Urban Studies* 54(1): 179-195.

Morris, J. M., P. L. Dumble, and M. R. Wigan. 1979. Accessibility Indicators for Transportation Planning. *Transportation Research A*, 13: 91-109.

O'Flaherty, B. 2005. *City Economics*. Harvard University Press. Chapter 6.

4/27 Spatial Aspects of Urban Poverty

** O'Sullivan, chapters 13 & 15

** Kasarda, J. 1995. "Industrial Restructuring and Changing Location of Jobs", in R. Farley, ed. *State of the Union: America in the 1990s, Volume I: Economic Trends*. New York: Russel Sage Foundation. pp. 215-267.

** Shen, Q. 2001. A Spatial Analysis of Job Openings and Access in a U.S. Metropolitan Area. *Journal of the American Planning Association*, 67: 53-68.

Mieszkowski, P and E. Mills. 1993. The Causes of Metropolitan Suburbanization. *Journal of Economic Perspectives*, 7: 135-149.

Pendall, Rolf, Christopher Hayes, Arthur (Taz) George, Zach McDade, Casey Dawkins, Jae Sik Jeon, Eli Knaap, Evelyn Blumenberg, Gregory Pierce, and Michael Smart. 2014. *Driving to Opportunity: Understanding the Links among Transportation Access, Residential Outcomes, and Economic Opportunity for Housing Voucher Recipients*. Urban Institute.
<https://www.urban.org/sites/default/files/publication/22461/413078-Driving-to-Opportunity-Understanding-the-Links-among-Transportation-Access-Residential-Outcomes-and-Economic-Opportunity-for-Housing-Voucher-Recipients.PDF>

Teitz, M. B. and K. Chapple. 1998. The Causes of Inner-City Poverty: Eight Hypotheses in Search of Reality. *Cityscape* 3: 33-70.
(<http://www.huduser.org/periodicals/cityscape/vol3num3/article3.pdf>)

Tiebout, Charles M. 1956. A Pure Theory of Local Public Expenditures. *Journal of Political Economy* 64(5):416-24.

5/4 Urban Transportation

** O'Sullivan, chapters 18-19

** Jones, D. *Urban Transit Policy*. Upper Saddle River, NJ: Prentice Hall. pp. 1-27; 109-113.

Leape, J. 2006. The London Congestion Charge. *The Journal of Economic Perspectives*, 20: 157-176.

Nelson, P., A. Baglino, W. Harrington, E. Safirova, and A. Lipman. 2007. Transit in Washington, DC: Current Benefits and Optimal Level of Provision. *Journal of Urban Economics*, 62: 231-251.

Puget Sound Regional Council. 2018. *Regional Transportation Plan*.
<https://www.psrc.org/our-work/rtp>

US DOT, Federal Highway Administration. Congestion Pricing: Overview. (2008).
<http://www.ops.fhwa.dot.gov/publications/fhwahop08039/fhwahop08039.pdf>

Winston, C. and V. Maheshri. 2007. On the Social Desirability of Urban Rail Transit Systems. *Journal of Urban Economics*, 62: 362-382.

5/11 Mid-term Exam

Review previous readings to prepare for the exam

5/18 Integrating Transportation and Land Use

** Cervero, R. 1991. Congestion Relief: The Land Use Alternative. *Journal of Planning Education and Research* 10: 119-129.

** Giuliano, G. 1995, "The Weakening Transportation-Land Use Connection" *Access*, No. 6, pp. 3-11.

** Gordon, P., H. Richardson, and M-J. Jun. 1991. The Commuting Paradox: Evidence from the Top Twenty. *Journal of the American Planning Association* 57: 416-420.

** Bourne, L. S. 1992. Self-fulfilling Prophecies? Decentralization, Inner City Decline, and the Quality of Urban Life. *Journal of the American Planning Association* 58: 509-513.

** Newman, P. and J. Kenworthy 1992. Is There a Role for Physical Planners? *Journal of the American Planning Association* 58: 353-362.

** Cervero, Robert, and Jin Murakami. 2009. Rail and property development in Hong Kong: Experiences and extensions. *Urban Studies* 46: 2019-2043.

Chatman, D.G. and R. B. Noland. 2014. Transit Service, Physical Agglomeration and Productivity in US Metropolitan Areas. *Urban Studies* 51(5): 917-937.

Ewing, Reid, and Robert Cervero. 2010. Travel and the built environment. *Journal of the American Planning Association* 76: 265-294.

Gómez-Ibáñez, José A. et al. 2010. Driving and the Built Environment: The Effect of Compact Development on Motorized Travel, Energy Use, and CO2 Emissions. TRB Special Report 298.

<http://onlinepubs.trb.org/Onlinepubs/sr/sr298.pdf>

Landis, J.D., 2019. Fifty Years of Local Growth Management in America. *Progress in Planning*, p.100435.

Shen, Q. 2000. Spatial and Social Dimensions of Commuting. *Journal of the American Planning Association* 66: 68-82.

6/1 Shaping Urban Futures

** Clewlow, R.R. and G.S. Mishra. 2017. Disruptive Transportation: The adoption, Utilization, and Impacts of Ride-hailing in the United States. <https://escholarship.org/content/qt82w2z91j/qt82w2z91j.pdf>

** Diao, Mi, Hui Kong, and Jinhua Zhao. 2021. Impacts of Transportation Network Companies on Urban Mobility." *Nature Sustainability*: 1-7. <https://www.nature.com/articles/s41893-020-00678-z>

** Guerra, E. 2016. Planning for Cars That Drive Themselves: Metropolitan Planning Organizations, Regional Transportation Plans, and Autonomous Vehicles. *Journal of Planning Education and Research* 36(2): 210–224. <https://doi.org/10.1177/0739456X15613591>

** Zhang, Wenwen, and Subhrajit Guhathakurta. 2018. Residential Location Choice in the Era of Shared Autonomous Vehicles. *Journal of Planning Education and Research*: 0739456X18776062. <https://journals.sagepub.com/doi/full/10.1177/0739456X18776062>

Glaeser, E. 2011. *Triumph of the City*. New York: Penguin Press, Ch. 8.

Lee, Yongsung, Bumsoo Lee, and Md Tanvir Hossain Shubho. 2019. Urban Revival by Millennials? Intraurban Net Migration Patterns of Young Adults, 1980–2010. *Journal of Regional Science* 59(3): 538-566.
<https://doi.org/10.1111/jors.12445>

Shen, Q. 2000. New Telecommunications and Residential Location Flexibility. *Environment and Planning A*, Vol. 32, No. 8, pp. 1445-1463.

Shen, Qing, Yiyuan Wang, and Casey Gifford. 2021. Exploring Partnership Between Transit Agency and Shared Mobility Company: An Incentive Program for App-Based Carpooling. *Transportation*: 1-19.
<https://link.springer.com/article/10.1007/s11116-020-10140-w>

United States Public Interest Research Group. Millennials in Motion: Changing Travel Habits of Young Americans and the Implications for Public Policy. (2014).
<http://www.uspirg.org/sites/pirg/files/reports/Millennials%20in%20Motion%20USPIRG.pdf>

US Environmental Protection Agency. Undated. *About Smart Growth*.
<https://www.epa.gov/smartgrowth/about-smart-growth>

Academic Integrity

Students are expected to practice high standards of academic and professional honesty and integrity as required by the Student Conduct Code of the University of Washington. Visit <http://www.washington.edu/cssc/student-conduct-overview/student-code-of-conduct/> to find the Student Conduct Code.

Student Safety

Students should follow University of Washington guidelines to ensure safety on campus. For more information, go to <http://www.washington.edu/safecampus/>