

Economics 345/554

Urban Economics

<http://sites.duke.edu/urbaneconomics/>

Charles Becker

Victor Ye

Email	cbecker@econ.duke.edu	victor.ye@duke.edu
Office/Hours	312 Social Sciences/by appointment	by appointment
Telephone	(919) 660-1885	(919) 768-3548
Class:	Monday/Wednesday 10:05-11:20 AM, Gray 228	

1. Course Description: This course will analyze issues of spatial economics, including why cities are formed, patterns of residential and business location, models of housing market segregation, business location, and urban population "explosions" in developing countries. The course begins with an overview of the monocentric city model, explaining patterns of population density, commuting, and housing values. This course will emphasize **real estate and financial aspects of the housing market**. A second major theme of this course will be the **economy of Durham**, and the underlying residential and commercial patterns. Beckers current research interests center on the **economics of trailer parks and real estate and suburbanization in transition economies**, so youll learn more about those topics than in a conventional course. And youll get an intro to spatial modeling and likely become acquainted with ArcGIS.

2. Prerequisite(s): Econ 201. Introductory econometrics (Econ 208) will be *extremely* useful. Working knowledge of differential and integral calculus, econometrics, and Excel is necessary.

3. Text(s): There is one required textbook. Class notes will be posted on Sakai. These are intended to be supplemental, and are neither a perfect substitute for class nor the readings.

- *Urban Economics & Real Estate*, 2nd Edition. John F. McDonald and Daniel P. McMillen; Malden, MA: Blackwell.

We also expect you to buy and read on your own:

- Michael Lewis. 2010. *The Big Short*. New York: Norton.
- John F. McDonald. 2014. *Postwar Urban America: Demography, Economics, and Social Policies*. Routledge

Also worth downloading:

- <https://modu.ssri.duke.edu/chapters> – background in causal inference and regression analysis
- Gary Burtless and Janet Rothenberg Pack, Eds. 2002-2009. *Brookings-Wharton Papers on Urban Affairs*. Washington, DC: Brookings (BWPUA 2005). <http://muse.jhu.edu/journals/urb/>

- Bruce Katz and Robert Lang, Eds. 2003. *Redefining Urban and Suburban America: Evidence from Census 2000*, Vol. 1. Washington, DC: Brookings.
- J. Vernon Henderson, 2004 *North-Holland Handbook of Urban and Regional Economics*, Vol. 4. The papers can be downloaded from <http://www.econ.brown.edu/faculty/henderson/handbook.html>.
- <http://www.brookings.edu/about/programs/metro/researchlots> of interesting papers from Brookings' Metropolitan Policy Program.

4. Duke Embedded Writer Project: Econ 345/554 will be participating in the Embedded Writer Project this fall. It should be useful, both from the standpoint of improved writing and improved content. Two students who have training from the writing studio will be attached to the course.

We note that this course carries the W code and places emphasis not only on hands-on economics research but also on the ability to clearly articulate ideas and findings. Writing is an important component of course grading and it is our hope that you make use of EWP resources accordingly.

5. Course home page and blog: One of the best ways to learn is from each other, which can be stimulated by setting up an open home page <http://sites.duke.edu/urbaneconomics/> on which you can quasi blog by submitting **edited** assignments. Duke Readers can respond (thereby helping larger numbers of students, as many will have similar issues); so can classmates and *gasp!* members of the community. You will be expected to post (1) your Durham paper; (2) a draft of your term paper ultimately replaced by the final version, and (3) comments on others' term paper drafts. The fact that some of your work will be public means that you need to think very carefully about the content: I don't want to scare you, but rather see this as a mechanism to help improve the caliber of your work. However, there will be an editorial process: all postings will be reviewed by the TA/Blog Czar after they are submitted and prior to being posted live for the entire world to review.

You are expected to comment on at least two of your classmates' postings. Productive comments may involve pointing out flaws in the original post's empirical specifications, relating to findings with real-world experience, challenging conclusions conceptually or providing suggestions for future work. Each comment will count towards 3% (?) of your final course grade.

6. Presentations: Each week, we will expect you to read assigned chapters from the text and required books, and also at least one paper from a set of options for the week. We expect you to be prepared to answer questions on the text or books, and to have a brief presentation on the additional paper. Be prepared to talk for 2-4 minutes on assigned readings and 4-7 minutes on the paper. **We will use a random number generator to make cold calls.** Draws are weighted so that each student is called approximately three times during the course of the semester.

7. Durham Overview: One of the purposes of this course is to give you a much deeper understanding of the community in which you are at least temporarily living; I also want to remove the abstractness of the course topic. To tie it in, your first and last assignments (the last being the final exam) will focus on Durham.

Your first assignment is simple, but time consuming: we want you to visit 11 sites in Durham and observe. For each one, write up notes (a paragraph on each except for one, which should be a bit more in depth say 2-3 paragraphs) on what strikes you about the street, neighborhood or commercial area (one block in all directions of the point identified). When you observe, do so as an economist think about how well lawns are maintained, the value of vehicles relative to structures, the density of the area, the degree of homogeneity and what these might imply. We encourage you to add or attach photographs. We also expect you to traverse the entire area.

This assignment should only be a total of 3-6 pages, but it will be time consuming, because you have to travel all over Durham. How you do it is part of the assignment. If you dont have a car or bicycle, you can rent a bike over at Durham Cycles on 9th Street. You should choose 11 of the 34 sites listed at the end of the syllabus, but be aware that credit will be given for diversity of selection.

8. Durham Paper: This is a moderate length paper of 7 to 10 pages (plus tables and references) in which you are to address a spatial feature or policy issue related to Durham, subject to my approval. Ideally, the paper will involve data analysis and address an issue of policy interest; it will also include a discussion of past patterns or policy decisions. Recent topics range from analyses of the determinants of commercial property prices/rental rates to determinants of housing values in Durham and Orange Counties to analysis of trends in racial segregation to analysis of patterns of new housing starts and residential density to an analysis of the determinants of city (or country) economic growth across the Carolinas.

9. Term Paper: The **term paper** is expected to be 15-20 pages in length plus tables, on a topic of the student's choice, but subject to instructor approval. The paper is expected to involve [a] original empirical or theoretical research (required of students in Econ 554), or [b] a comprehensive survey of a topic, and provide policy analysis in light of recent data and research.

We strongly encourage all students to undertake original empirical work, regardless of whether or not it makes use of sophisticated statistical techniques. It is also worth noting that many papers from this course have been published in the *Duke Journal of Economics*, and other students have built on their term paper to write a senior thesis. A selection of past papers will be posted to Sakai in order to provide a reference level for our expectations.

10. Grade Distribution:

Durham overview	10%	Sep 6
In-class presentations on readings & blog comments	15%	
Durham paper	25%	Oct 13
Term paper first draft	5%	Nov 7
Term paper	30%	Dec 9
Final presentation or examination ¹	15%	Dec 16 (2-5 PM)

Subject to approval by the instructor or TA, you may elect to write a single term paper in place of the Durham paper and term paper. Such a paper would be expected to be of substantially higher quality and to involve original research. To earn a grade above a B it will have to be submitted to and conditionally accepted by the Duke Journal of Economics or an acceptable substitute. Preliminary drafts are due October 13 and November 7.

11. Honor Code and Course Policies:

- Failure to acknowledge assistance on an assignment, or to cite a source of information used in an assignment, or to represent the work of others as your own, violates the University's honor code. Any violations may result in failure of the assignment or the course, or expulsion from the University. Any exam missed for a non-legitimate reason will be accorded the grade of 0. Any exam missed for a legitimate reason will be made up with an oral exam as soon as EcoTeach can schedule it.
- **Late work** will be penalized by 1/3 grade point per day late (excluding Sundays).
- **Assignments must be submitted via Sakai.** An electronic and a hard copy of the term paper must be submitted to the instructors.
- **Standard formatting** for regular text material shall be as follows: 1-inch margins top/bottom/left/right; 1.5 line spacing; extra space between paragraphs; Garamond 12 font; right hand justification for main text. References and footnotes should be single space (with space between individual citations) and Garamond 11 font. Assignments and term papers that have not gone through a basic spell and grammar check will not be accepted. Revisions of papers receiving failing (F) or low (C or D) grades will not be accepted, regardless of whether the reason for the grade concerns content, writing quality, or failure to proofread. Files attached with viruses will be deleted and not regarded as submitted.
- The final examination will be comprehensive, but will have a **Durham focus**.

12. Visiting speakers and class conduct: In addition to learning about Durham and the Triangle region, we will have several visiting speakers. On days with visitors, you will be responsible for getting material not covered in class from my on-line lecture notes. **In general, we expect to lecture on formal models or when rapidly surveying a literature.**

13. Course outline: As we come to each topic, I will give an updated a list of required and optional readings. 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. **We also expect your papers, blog contributions, and classroom remarks to reflect the readings (including The Big Short).**

¹The final exam is mandatory for students with a course GPA below 3.0. Other students may give a presentation of their term paper or Durham paper in lieu of the final, in which case the final presentation will count for 15% of the total grade.