



Department of Economics and Finance

**ECON\*3500**  
**Urban Economics**  
**Fall 2013**



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Instructor	Paul Anglin
Office	MINS 213F
Phone	519-824-4120 (x58542)
Office Hours	Tuesdays and Thursdays 10:30- 11:30 or by appointment (given generously)
Email	panglin@uoguelph.ca

Please include the course number in the subject line or your message may be deleted without being read. Some questions can be answered by checking CourseLink.

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, please visit:

<http://www.uoguelph.ca/economics/node/1115>

#### Course Objective

Common economic models suggest that transportation costs are unimportant, that the structure of cities is unimportant and that nearly all of the tools used for economic development are implemented at the national level. In fact, land is a scarce resource and land is an input into production and consumption (e.g. factories, warehouses, shopping malls and houses). The importance of this dimension should be evident from the increasing emphasis on how cities affect economic lives. We will discuss how the price of a good varies by location, the structure of cities responds to market forces and how other aspects of society may co-vary with location. We may also discuss price dynamics.

This course uses five basic principles of economics to consider the location dimension of economic processes. The course will discuss some public policy implications of the location dimension as well as some managerial implications. As time and *your* interest allow, we can take excursions into related topics.

Required Textbook: ("OS") O'Sullivan, A. *Urban Economics*, Irwin/McGraw-Hill, New York. Several styles are available

a) Best Option: The bookstore should have a course-specific version of the book which includes the most important chapters.

b) A hard cover version is available from many sources. In spite of slight differences between the editions, the 6th, 7th and 8th editions are acceptable to me.

c) An eTextbook from <http://www.coursesmart.com/students>

## Grading Scheme

Two Group Assignments (Oct. 8; mid-Nov.)	25%
Mid Term (October 22)	30%
Final Exam Dec. 4 <sup>th</sup> from 7-9 pm	45%

It is your responsibility to avoid scheduling conflicts.

## Anticipated Schedule (Chapter numbers are taken from the 7th edition)

- Sept 5 Introduction
- 10 5 Principles, 5 Axioms: Supply and demand applied to location  
Ch. 1, OS Appendix
- 12 Competing definitions of a city  
Ch. 1 Appendix, Ch. 2
- 17 Transportation costs and market area  
Ch. 2 Appendix,
- 19 Industrial Location  
Ch. 2 (cont.)
- 24 Agglomeration: Reasons I  
Ch. 3 pp. 43- 53
- 26 Agglomeration: Reasons II  
Ch. 3 pp. 53- 67
- October 1 Optimal city size vs. equilibrium size  
Ch. 4
- 3 Land Rent: The Left-Over Principle  
Ch. 6 (Ch. 6 Appendix may be helpful)
- 8 Competing users determine market price of land  
Ch. 6 (cont.)
- 10 Changes to the structure of a city  
Ch. 6 (cont.)
- 15 Urban sprawl: Context  
Ch. 7 incl. Appendix (esp. pp. 168- 180)
- 17 Review of Assignment
- 22 Midterm
- 24 Urban sprawl: Policy solutions  
Ch. 9
- 29 Review of Midterm
- 31 Demand for residential housing and estimating market value
- November 5 Hedonic price function: Individual behaviour vs. market valuation  
Rosen, S., 1974, "Hedonic prices and implicit markets: Product differentiation in pure competition", *Journal of Political Economy*, 34- 55.
- 7 Consumption and investment motives  
Rosen (cont.), and a microeconomics book which discusses decisions over time
- 12 More than the purchase price: "User Cost"  
Ch. 13 (not pp. 348- 352)
- 14 Experiment
- 19 Congestion: Private Transportation

- Ch. 10
- 21 Public Transportation
- Ch. 11
- 26 “The Ultimate Lecture” (your choice)

#### Miscellaneous

Attendance and participation are encouraged, in part because tests and assignments will ask you to use ideas discussed in the textbook *and* those discussed in class. Please arrive on time for class and, if forced to arrive late, enter quietly and without disrupting others.

Tests and assignments will be marked based on your ability to explain your answer and this idea leads to three thoughts. First, the assignments are intended to prepare you for the tests by revealing to you which topics you find easy and which you find hard. Second, your ability to explain an answer depends in part on being able to identify the relevant question in addition to giving the “typical” answer to a “typical” question: no project and no question that you will see in the real world will look exactly like the specific project or test or exercise on which you are being graded. Good students are able to find interesting extensions to a typical question in a classroom setting. Third, while I understand the value of using a laptop to take notes and I can almost guarantee that I will be less exciting than that recent YouTube video, I will be unhappy if you use your laptop during class time for anything other than class-related activities. I try to make the class as relevant and as interesting as possible while teaching you important ideas; using a laptop improperly can disrupt your understanding of which ideas are used to build an answer and of how best to combine them.

If you are forced to miss a graded item, please bring me a doctor’s note or other evidence within one week. If accepted, the weight for that test will be divided between the assignments and the final exam.

Final examination conflict: Students are responsible for ensuring that they do not have a time conflict with examinations in other courses. You are not permitted to enrol in this course if you have a time conflict with another course.

If you are registered with the Centre for Students with Disabilities (CSD) and will require some form of accommodation, please tell me during the first week of classes.

For students who are not registered with CSD, I often receive a request for a note taker in this class. If you would like to help, please talk to CSD.

Plagiarism is a serious academic offence. Mostly, I trust you to act ethically because there are many reasons for you to do your own work. A test is not just used to judge how well you can repeat what was told to you. The most important reason to do your own work is that no project that you will see in the real world will look exactly like the test or exercise that you are being graded on. The most interesting projects in the real world will involve things that are too new to be included in any textbook. The best students take advantage of these guided opportunities to go beyond what is taught in class. For these reasons, the process by which you arrive at an answer (and your explanation) is at least as important to you as the answer itself. The University’s Policy on Plagiarism is outlined at <http://www.academicintegrity.uoguelph.ca/>, along with possible punishments for violations.

University Grading Scheme:

This course follows the University grading scheme outlined in the University Calendar:

A+, A, A-	80- 100	Excellent: An outstanding performance in which the student demonstrates a superior grasp of the subject matter, and an ability to go beyond the given material in a critical and constructive manner. The student demonstrates a high degree of creative and/or logical thinking, a superior ability to organize, to analyze, and to integrate ideas, and a thorough familiarity with the appropriate literature and techniques.
B+, B, B-	70- 79	Good: A more than adequate performance in which the student demonstrates a thorough grasp of the subject matter, and an ability to organize and examine the material in a critical and constructive manner. The student demonstrates a good understanding of the relevant issues and a familiarity with the appropriate literature and techniques.
C+, C, C-	60- 69	Acceptable: An adequate performance in which the student demonstrates a generally adequate grasp of the subject matter and a moderate ability to examine the material in a critical and constructive manner. The student displays an adequate understanding of the relevant issues, and a general familiarity with the appropriate literature and techniques.
D+, D, D-	50- 59	Minimally acceptable: A barely adequate performance in which the student demonstrates a familiarity with the subject matter, but whose attempts to examine the material in a critical and constructive manner are only partially successful. The student displays some understanding of the relevant issues, and some familiarity with the appropriate literature and techniques.
F	0- 49	Fail: An inadequate performance.

[http://www.uoguelph.ca/undergrad\\_calendar/index.shtml](http://www.uoguelph.ca/undergrad_calendar/index.shtml)

You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. **The course evaluation for this course will be done in class.** The Department of Economics policy regarding the conduct and use of these evaluations will be found at

<http://www.uoguelph.ca/economics/academics/courses/course-evaluation>