

## URBAN ECONOMICS

Tuesday and Thursday, 16:05-17:25, via Zoom

### Instructor:

Professor Nicolas Gendron-Carrier

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Office Hours: Thursday, 9:00-10:30, via Zoom. Make an appointment at <https://calendly.com/nicolas-gendron-carrier/urban>

### Teaching Assistant:

Alice Fan

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### Prerequisites:

You should have completed a course in microeconomic theory (ECON 230D or 250D) and economic statistics (ECON 227D or 257D). A few lectures will use calculus, but math beyond algebra will not be used extensively. We will be looking at a lot of regression results, so you should have a basic understanding of what regression coefficients mean before taking this course.

### Course Overview:

The goal of this course is to give students an understanding of how economists think about cities. We will explore why cities exist, their internal structure, and analyze a variety of policy issues related to cities.

### Course Materials:

Jan K. Brueckner's *Lectures on Urban Economics* will serve as a textbook for the course. This book is available at the bookstore and online. I also recommend reading Edward Glaeser's *Triumph of the City* as we go along. Additional

required readings will be posted online on *myCourses* and will be covered in class. Problem sets, lecture slides, and all required readings except the textbook will be posted on *myCourses*.

**Electronic Communications:**

All class announcements will be posted on *myCourses*.

In order to help me get to know you better, I encourage you to ask questions related to the class material in class or during office hours. If you want to ask questions electronically, please use the Discussions page on *myCourses*. The goal of the Discussions page is to encourage peer-to-peer Q&A. The TA and I will periodically check the Discussions page to ensure proper usage and answer questions.

For all administrative issues, please first contact the TA. She is your first point of contact and will communicate important matters to me.

Questions that are personal in nature can be sent to me by e-mail. E-mails should be sent from your official McGill e-mail address only and include [ECON 348] in the subject line. I will normally reply to e-mails within 48 hours, except on weekends. I will not respond to e-mails related to the class material or administrative issues covered in the syllabus and on *myCourses*.

**Format:**

I will hold live lectures on Zoom every week unless noted otherwise. Lecture slides and recordings will be posted on *myCourses*. If you cannot attend a live lecture, you can engage with the material on your own time and use the Discussions page to ask questions to the class. The TA will hold tutorials on Zoom occasionally. In these sessions, she will answer questions about the class material and go over solutions to the problem sets and midterm exam. I will also be available on Zoom during office hours every week to answer questions about

class material.

Please consult McGill's [Remote Learning Resources](#) to learn more about Zoom. You will be notified through a pop-up box in Zoom if a session is being recorded. By remaining in sessions that are recorded, you agree to the recording, and you understand that your image, voice, and name may be disclosed to classmates. You also understand that recordings will be made available in *myCourses* to students registered in the course.

**Evaluation:**

Problem sets (25%): There will be four problem sets. Each is worth 6.25%. Students are free to discuss the problem sets with one another. However, you must hand in your own original written work. Problem sets give you helpful practice with the kind of problems you will see on the exams. Late problem sets drop 10% for each day they are late. Late problem sets will not be accepted more than 72 hours after the deadline. Due dates will be announced on *myCourses*.

Mid-term exam (30%): A timed-open book midterm exam. The midterm will be available under the Quizzes tab on *myCourses* on Thursday, February 25 at noon. The exam will be accessible for a period of 48 hours and must be completed by Saturday, February 27 at noon. You will have 3 hours to complete the exam once you access it.

Final exam (45%): A timed open-book final exam to be held in April during the final exam period. The final exam will be accessible for a period of 48 hours. You will have 6 hours to complete the exam once you access it. A review lecture will be offered during the last week of class.

Please note that work submitted for evaluation as part of this course may be checked with text matching software within *myCourses*.

**Make-up Exams:**

You may only miss an exam for a documented family or medical emergency. If you miss the midterm exam, you must hand me an original physician's note within 7 days of the date of the exam which explains the medical reason for your absence. No make-up exams are possible for the midterm exam. If you miss the midterm, the exam's weight will be reallocated to the final.

**Re-read Policy:**

We do our very best to ensure fair grading and to minimize errors. Nevertheless, if you disagree with the grade you have received in your exam, you may opt to have your exam re-read. Before you do, please make sure you first carefully compare your answers to the solutions we provide.

To request a re-read, you must submit to me (the instructor, not the TA) your exam with a written justification for the re-read, specifying the question which you felt was incorrectly graded. This written request for re-read must be submitted within 7 days of receiving the exam. I will then re-read and reassess the answer. Please note that I may review the entire exam. As a result, your grade may go up, down, or stay the same. Policies on final exam re-reads are determined by the Faculty of Arts.

## COURSE OUTLINE

Below is a tentative list of topics we will cover in this course. I maintain discretion regarding changes in this outline. Any changes will be discussed in class.

### 1. Introduction: Why Do Cities Exist?

#### Required:

- Glaeser, E. 1998. "Are cities dying?" *Journal of Economic Perspectives* 12(2): 139- 160. (To read first)
- Brueckner: Chapter 1 (Skip 1.6)

#### Recommended:

- *Triumph of the City*: Introduction

### 2. Sources of Agglomeration Economies

#### Required:

- Greenstone, M., R. Hornbeck and E. Moretti. 2010. "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings," *Journal of Political Economy*. (Read pages 536-544 and 589-593, remaining pages optional)

#### Recommended:

- *Triumph of the City*: Chapter 1
- Duranton, Gilles and Diego Puga. 2004. "Micro-foundations of urban agglomeration economies." In Vernon Henderson and Jacques-François Thisse (eds.) *Handbook of Regional and Urban Economics*, volume 4. Amsterdam: North-Holland, 2063–2117.

### 3. Firm and Residential Location Choice Across Cities: The Roback Model

#### Required:

- Brueckner: Chapter 11

Recommended:

- *Triumph of the City*: Chapter 3 and 4
- Glaeser, E. and J. Gottlieb. 2009. "The wealth of cities: Agglomeration economies and spatial equilibrium in the United States." *Journal of Economic Literature*. 47(4):983–1028. (Section 2 is a good primer on the Roback model and how to use it.)

**4. Place-Based Policies**

Required:

- Busso, M., J. Gregory, and P. Kline. 2013. "Assessing the Incidence and Efficiency of a Prominent Place Based Policy." *American Economic Review*. 103(2): 897-947. (Sections II and VII are optional)

**5. Internal City Structure: The Monocentric City Model**

Required:

- Brueckner: Chapter 2 and 3

Recommended:

- *Triumph of the City*: Chapter 6
- Katerina Cizek, [A Short History of the Highrise, Part One: Mud](#)

**6. Urban Land Use**

Required:

- Brueckner: Chapter 4
- Burchfield, M., H. Overman, D. Puga, and M. Turner. 2006. "Causes of Sprawl: A Portrait From Space." *The Quarterly Journal of Economics*, Volume 121, Issue 2, 1, Pages 587–633.
- Baum-Snow, N. 2007. "Did Highways Cause Suburbanization?" *The Quarterly Journal of Economics*, Volume 122, Issue 2, 1 May, Pages 775–805.

Recommended:

- *Triumph of the City*: Chapter 7 and 8

**7. Urban Transportation**

Required:

- Brueckner: Chapter 5
- Duranton, G. and M. Turner. 2011. "The Fundamental Law of Road Congestion: Evidence from US Cities." *American Economic Review*.
- Gendron-Carrier, N., Gonzalez-Navarro, M., Polloni, S., and M. Turner. 2020. "Subways and Urban Air Pollution," *American Economic Journal: Applied Economics* (Forthcoming).

**8. Housing**

Required:

- Glaeser, E. and J. Gyourko. 2005. "Urban Decline and Durable Housing," *Journal of Political Economy*. 113, no. 2: 345-375.
- Mian, A. and A. Sufi. 2009. "The Consequences of Mortgage Credit Expansion: Evidence from the U.S. Mortgage Default Crisis", *The Quarterly Journal of Economics*, Volume 124, Issue 4, 1 November, Pages 1449–1496.
- Brueckner: Chapter 7
- Diamond, R., McQuade, T., and F. Qian. 2019. "The Effects of Rent Control Expansion on Tenants, Landlords, Inequality: Evidence from San Francisco." *American Economic Review*.

**9. Segregation and Neighbourhood Effects**

Required:

- Oreopoulos, P. 2003. "The Long-Run Consequences of Living in a Poor Neighborhood," *The Quarterly Journal of Economics*, Volume 118, Issue 4, Pages 1533–1575.
- Kling, J. R., Liebman, J. B. and Katz, L. F. 2007. "Experimental Analysis of

Neighborhood Effects,” *Econometrica*, 75: 83-119.

- Chetty, R., N. Hendren, and L. Katz. 2016. “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” *American Economic Review*, 106 (4): 855-902.

Recommended:

- Cutler, D., Glaeser, E., and J. Vigdor. 1999. “The Rise and Decline of the American Ghetto.” *Journal of Political Economy*.
- Davis, D., Dingel, J., Monras, J., and E. Morales. 2019. “How Segregated is Urban Consumption?” *Journal of Political Economy*.
- Katerina Cizek, [A Short History of the Highrise, Part Two: Concrete](#)

**10. Local Public Economics**

Required:

- Brueckner: Chapter 8 (Read pages 159-173 only)
- Bayer, P., Ferreira, F. and R. McMillan. 2009. “A Unified Framework for Measuring Preferences for Schools and Neighborhoods” *Journal of Political Economy*. Sections 1-4 required, remaining sections optional.

## MCGILL POLICY STATEMENTS

### Language of Submission:

- In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded. This does not apply to courses in which acquiring proficiency in a language is one of the objectives.

Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue).

### Academic Integrity:

- McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see [www.mcgill.ca/students/srr/honest/](http://www.mcgill.ca/students/srr/honest/) for more information).

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le guide pour l'honnêteté académique de McGill).

TL;DR. If you plagiarize, you will likely fail the course.

### ADDITIONAL STATEMENTS

- As the instructor of this course, I endeavor to provide an inclusive learning environment. If you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities, 514-398-6009.
- The University Student Assessment Policy exists to ensure fair and equitable academic assessment for all students and to protect students from excessive workloads. All students and instructors are encouraged to review this Policy, which addresses multiple aspects and methods of student assessment, e.g. the timing of evaluation due dates and weighting of final examinations.
- © Instructor-generated course materials (e.g., video recordings, lecture slides, exams, etc.) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.
- Lecture/Conference Recording: By enrolling in a remote course, you accept that lectures and conferences will be recorded. You must consent to being recorded if you are attending a lecture or participating in a component of a course that is being recorded. You will be notified through a “pop-up” box in Zoom if a lecture or portion of a class is being recorded. If you are not comfortable being in a class that is recorded, you may decide to not take part by logging off Zoom. Students who log off will be able to watch the video recording later on MyCourses.

For pedagogical reasons and for the enrichment of the experience of all students, attendance may be monitored and/or active participation may

be expected or required during lectures. As such, you may be asked to turn on your camera and audio. If you do not have the necessary resources (e.g., adequate Internet bandwidth or equipment) to do so, please inform me at the beginning of the semester.

In addition to the recording of your image and voice, your name (or preferred name) may be displayed on screen, and I may call your name during the lecture. As such, this personal information will be disclosed to classmates, whether during the lecture or in viewing the recording. By remaining in classes that are being recorded, you accept that personal information of this kind may be disclosed to others, whether during the lecture or in viewing the recording.

Netiquette: The University and I recognize the importance of maintaining teaching spaces that are respectful and inclusive for all involved. To this end, offensive, violent, or harmful language arising in contexts such as the following may be cause for disciplinary action: 1. Username (use only your legal or preferred name) 2. Visual backgrounds 3. "Chat" boxes. To maintain a clear and uninterrupted learning space for all, you should keep your microphone muted throughout your class, unless invited by the instructor to speak.

- McGill University is on land which has long served as a site of meeting and exchange amongst Indigenous peoples, including the Haudenosaunee and Anishinabeg nations.
- **In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.**