

## URBAN ECONOMY AND PUBLIC POLICY

UAP 5234  
Professor Richardson

CRN 15106  
Spring 2007

T, TH 11:00 am - 12:15 pm  
AA 114

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\*Office Hours:  
Mon., Wed.  
9:00 am to 10:30 am  
or by appointment

### REQUIRED TEXTS:

*Urban Economics* by Arthur O'Sullivan (6<sup>th</sup> Ed.) (hereinafter "O'Sullivan").  
*The Worldly Philosophers* by Robert L. Heilbroner (7<sup>th</sup> Ed.) (hereinafter "Heilbroner").

### OTHER READINGS:

We will also be reading selected chapters from other texts, which will be posted on Blackboard. Some books that we will be drawing from:

*Essential Microeconomics for Public Policy Analysis* by John M. Levy  
*Readings in Urban Economics: Issues and Public Policy* edited by Robert W. Wassmer  
*Microeconomics* by Krugman and Wells

### OPTIONAL TEXT:

You may wish to purchase an outline on microeconomics, like *Schaum's Outline of Microeconomics* by Dominick Salvatore (4<sup>th</sup> Ed.), or a basic microeconomics text like the Krugman and Wells text. These are not required, however.

The pillars of urban economic analysis are:

- Alfred Weber's Theory of Industrial Location: This line of analysis relates locational decisions for plants to sources of raw materials, locations of markets, and transportation costs of raw materials versus finished products.
- Theory of Agglomerations: An agglomeration is a clustering of similar businesses in one area of the city. Some businesses find it advantageous to locate close to their competitors.
- Urban Hierarchies and Central Place Theory: Regional cities are surrounded by a wreath of satellite cities which in turn are surrounded by wreaths of satellite towns, and so on.
- Bid-rent Function Theory: This is the most important analysis for urban economics. It had its origins in the analysis of land use by the 19th century German economist J.H. von Thünen. This analysis relied upon David Ricardo's theory of rent. Bid-rent function theory was put into its modern form by William Alonso.
- Economic Base Theory: Some industries supply markets which are outside of the region. These industries are crucial to the local economy and are called the economic base of the region.

- Input-Output Analysis: The relationships of the industries within an economy are most easily analyzed in the format of Leontieff's input-output analysis. This methodology may also be extended to cover interurban relationships.

#### HONOR SYSTEM:

I abide by the University Honor System and expect all students in my class to do so also, by adhering to the requirements themselves and reporting any violations by others.

**I WILL REPORT ALL VIOLATIONS THAT I SUSPECT OR BECOME AWARE OF!** On any in-class exams or work, take-home exams or homework, you are not to work with anyone else unless explicitly instructed or allowed to do so. Your work should be your own.

#### CLASS LISTSERV AND BLACKBOARD:

I will establish a class listserv early in the semester. I use the listserv to communicate announcements, give detail on assignment, answer questions on assignments and examinations, and similar issues. My policy is to delete any identifying information from individual questions, then post the question and my answer on the listserv. I also encourage the use of the class listserv for class discussions. Therefore, you are expected to check your email regularly. I also use Blackboard, on which much course information will be posted.

#### ATTENDANCE:

I expect you to attend class and do the reading for the class **PRIOR** to the class in which the material will be discussed.

#### COURTESY AND PROFESSIONALISM:

All cell phones, PDAs, and other electronic devices **SHALL** be turned off **AND STOWED before entering the classroom** and shall remain off and stowed until class is dismissed. Checking cell phone, IM or email messages, or reading newspapers, during class is unprofessional and rude, and I will **NOT** tolerate such behavior. Obviously, IMing and similar behavior is even more inexcusable. Talking amongst yourself or otherwise disrupting or disturbing the class falls within the same category.

You should consider class as a professional meeting. I treat you like a professional, and I expect you to act like a professional. If one would check messages during a professional meeting in a job setting, they would very likely find themselves unemployed. Therefore, one violation of this policy shall result in a one letter grade reduction in the violator's final grade. Two violations will result in the violator receiving an "F" as a final grade in this course.

#### OVERHEADS:

I will likely prepare overheads or powerpoint presentations that I will use in class lectures and discussions. These documents will basically be outlines of the class material and will be posted on Blackboard as far in advance of class as possible. I recommend that you print the overheads or powerpoints prior to class to minimize note-taking.

**DISABILITIES/ACCOMODATION:** If anyone has a disability that requires accommodation, please let me know and I will work with you.

\*Course Schedule and Readings

Date	Topic	Reading
Tues., Jan. 16	Orientation	
Thurs., Jan. 18	Introduction to Microeconomics and Urban Economics; Supply and Demand; Consumer Surplus/Producer Surplus	O'Sullivan: Chapter 1 and pages 367-380 of Appendix; Levy: Introduction, Chapters 1 and 2 , and pp. 23-36 of Chapter 3 (BB).
Tues., Jan. 23	Consumer Choice; Input Choice; Elasticities	O'Sullivan: pages 380-389 of Appendix; Levy: pp. 36-43 of Chapter 3(BB); Heilbroner, Chapter III (Adam Smith).
Thurs., Jan. 25	Welfare Economics	Levy: Chapter 5 (BB)
Tues., Jan. 30	Externalities	Krugman and Wells: Chapter 19 (BB); O'Sullivan: Chapter 10
Thurs., Feb. 1	Public Goods	Krugman and Wells: Chapter 20 (BB)
Tues., Feb. 6	Why Do Cities Exist?	O'Sullivan: Chapter 2
Thurs., Feb. 8	Why Do Firms Cluster? (Agglomeration Theory)	O'Sullivan: Chapter 3
Tues., Feb. 13	Agglomeration Theory (Cont'd)	
Thurs., Feb. 15	City Size	O'Sullivan, Chapter 4
Tues., Feb. 20		
Thurs., Feb. 22		
Tues., Feb. 27		
Thurs., March 1		
Tues., March 6 and Thurs. March 8		
Tues., March 13		
Thurs., March 15		
Tues., March 20		
Thurs., March 22		
Tues., March 27		
Thurs., March 29		

Tues., April 3		
Thurs., April 5		
Tues., April 10		
Thurs., April 12		
Tues., April 17		
Thurs., April 19		
Tues., April 24		
Thurs., April 26		
Tues., May 1	Wrap-up and Conclusion	

FINAL EXAMINATION DUE: Monday, May 7 at 9:45 am.

\* I reserve the right to make changes to this syllabus, including, but not limited to, the grading, class schedule and readings, and office hours, in my sole and absolute discretion. I further reserve the right to give pop quizzes on the readings for any particular class.