

EC1410 Topic #1

Outline 1410

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Outline

- 1 Introduction

Introduction I

① Why are cities important?

- ① 80% world urbanization, etc.
- ② GDP very concentrated
- ③ Cities are where growth happens

② Basic facts

- ① Lights at night picture
- ② Density gradients from Clark, Maybe D+P Paris paper?
- ③ Rent gradients from Lucas 2001, Sieg Figure 22.2, Maybe D+P Paris paper?
- ④ Building height/capital intensity; pictures from Sprawl, Rosenthal and Strange skyscrapers, pictures of skyscrapers.
- ⑤ Facts from D+P Urban Studies paper
- ⑥ Zipf's law picture

③ Questions:

- ① Can we rationalize this?

Introduction II

- ② How do we think about place based policies; e.g.; enterprise zones, MTO, rent control, stadiums?
- ③ What should we do about sprawl, gentrification and million dollar blocks?
- ④ Answers: We'll consider three main classes of economic model for thinking about these types of questions
 - ① Monocentric city model
 - ② Rosen-Roback Model
 - ③ Systems of Cities model

They will give us a basis for thinking carefully about why people organize themselves into cities the way they do, and the welfare consequences of this organization. They will also let us think about many other urban/spatial phenomena in an interesting way.

Introduction III

- ⑤ Big ideas:
 - ① Spatial equilibrium, sorting, capitalization
 - ② Agglomeration economies
 - ③ Hicksian welfare

Monocentric City Model I

① Basic model

- ① City extent, open vs closed
- ② Comparative statics
- ③ Welfare
- ④ numerical example
- ⑤ Henry George Theorem

② Examples/extensions:

- ① Nate JMP, subways and urban growth.
- ② Lucas, Siegel land rent gradients – no density gradient
- ③ Stamp tax
- ④ Black – Schools

③ Extensions

- ① Bid-rent
- ② circular city
- ③ Amenities – Figure from Henderson and Turner JEP
- ④ Non-monotonic cities? Mieskowski and Mills?

Monocentric city with housing I

- 1 Work out example with $U(c, l)$ then add housing sector – comparative statics.
- 2 Figure from Brueckner – read Brueckner chapter.

Monocentric city with two types I

- ① Leroy and Sonstelie
- ② Glaeser, Kahn, Rappaport

Sorting examples and counter-examples I

Examples:

- 1 Bowling alone
- 2 Currie on housing projects
- 3 Food deserts
- 4 Environmental justice
- 5 Obesity
- 6 Superfund
- 7 Million dollar blocks?

Counter examples:

- 1 Boustan, barriers
- 2 Color of law

Agglomeration I

- ① D+P Urban studies
- ② Jacobs
- ③ Glaeser
- ④ Duranton survey?

Rosen-Roback/Hedonics I

Not a spatial model, but in exchange, more structure on production.

- 1 Roback
- 2 Valuing climate
- 3 Quality of life indexes

Systems of Cities I

- ① Henderson
- ② Zipf's law

Local labor markets

- ① Puga and de La Roca
- ② MTO – Chetty & Hendren, Chyn
- ③ Autor
- ④ Perez
- ⑤ Borg et al
- ⑥ U of Washington work on Seattle
- ⑦ Graphs from Diamond?

Traffic Congestion I

- ① Discussion in Brueckner
- ② Fundamental law
- ③ Congestion pricing paper from, e.g., London

Maybe do a section on transportation?

More topics I

- ① Developing World Cities – JEP review
- ② Path dependence, Davis and Weinstein, Bleakly and Lin
- ③ Gentrification
 - ① Popular press/San Francisco problem
 - ② Couture et al.
 - ③ Pennington