

RUTGERS UNIVERSITY

BLOUSTEIN SCHOOL OF PLANNING AND PUBLIC POLICY  
Department of Urban Planning & Policy Development

970:509

URBAN ECONOMICS & SPATIAL PATTERNS

Prof. John Pucher

Autumn 2008

Thursdays, 10:00-12:30

CSB-113

This course offers an overview of basic microeconomics and public finance as well as an introduction to theories of industrial location, systems of cities, and urban land-use patterns, incorporating an examination of historic and recent trends (and their determinants) and various models of land-use that seek to explain changes over time.

Because a basic knowledge of microeconomics and public finance will be essential as a background to other courses and to your future careers as planners, roughly the first seven weeks of the course will be spent providing an overview of basic economic principles, such as: supply and demand, their characteristics and determinants, market equilibrium; utility theory, cost functions, economies of scale, market structure, the function of pricing from a welfare-economic perspective; elasticity analysis; externalities, opportunity cost, public goods, merit goods, taxation principles, regressivity and progressivity, excess burden of taxation, etc.

**Students who already have a good background in microeconomics and public finance should NOT take this course.** Similarly, students who have taken advanced courses in urban geography and/or economic geography probably do not need the course, and should consult the instructor. The course is primarily intended for students who need a refresher course in economics, ensuring that all students in the department have at least a certain minimum common knowledge of economic principles. Students with little or no prior exposure to economics should be prepared to devote a considerable amount of extra time and effort during the first few weeks to acquiring a basic knowledge of economics.

The text we will use for the first part of the course is the **FIFTH EDITION of O'Sullivan and Sheffrin's Microeconomics Principles and Tools**, 2006. Due to time limitations, we cannot possibly cover the entire book, but this text provides a useful, clear, comprehensive overview of the main aspects of microeconomics I want to highlight in our review. It does less well with public sector economics, and some readings for that topic will come from other books. I will try to do PDF scans of

a couple of chapters from public finance texts to provide more detailed discussion of concepts such as public goods, externalities, taxation, excess burden of taxation, tax incidence, etc. And I will try to post these PDF files on the Sakai website for our course as well as on the S drive of the Bloustein server.

For the second part of the course (after the mid-term exam on microeconomics and public finance), we will be using the Pacione text **Urban Geography: a Global Perspective, Second Edition, 2005**, which provides an excellent international view of urban geography and land use patterns, and is not solely US-based, as so many other texts. Unfortunately, we have only a few weeks for this last part of the course and will only be able to cover a few of the most important chapters of the Pacione book. But it is a truly superb book and well worth the purchase price, as you can use it as a reference book in the future.

This semester I have deliberately excluded almost all other readings and books from my old syllabus for this course so you can really concentrate on just these two books (and the scanned in chapters from the public finance text) and not waste time trying to track down reserve readings at the library.

**Three written requirements** for the course include:

- 1) some sort of take-home problem set (possibly based on those suggested in the O'Sullivan/Sheffrin text) during the first half of the course to test your understanding of some basic economic concepts and enable you to actually calculate some key measures;
- 2) in-class midterm exam (about 8 weeks after the beginning of the semester) covering microeconomics and public finance;
- 3) final term paper based on the spatial analysis in the second half of the semester.

The problem set will count for about 15% of the course grade, the mid-term exam for about 40% of the grade, and the final term paper for about 45% of the grade.

**Both the O'Sullivan/Sheffrin and Pacione books are recommended for purchase.** They are available at the Rutgers University Bookstore in downtown New Brunswick (Albany Street across from the train station), but feel free to order them online if you know a cheaper source. Or just share the books with other students to keep your purchase costs to a minimum.

Arthur O'Sullivan and Steven Sheffrin, Microeconomics: Principles and Tools. Prentice Hall, 2006, 5th edition.

Michael Pacione, Urban Geography: a Global Perspective. Routledge, 2005.

**I. REVIEW OF BASIC MICROECONOMICS AND PUBLIC SECTOR ECONOMICS**  
(roughly first 7 or 8 weeks of semester)

- A. *Basic economic concepts and principles*, O'Sullivan and Sheffrin, chapters 1 and 2
- B. *Overview of functions of markets and governments*, ch.3
- C. *Supply, demand, and market equilibrium*, ch.4
- D. *Demand elasticity*, ch.5
- E. *Underlying theory of demand and utility*, ch.7
- F. *Production and cost*, ch.8
- G. *Perfect competition, short-run and long-run*, ch.9
- H. *Monopoly*, ch.10
- I. *Other forms of imperfect competition*, chs.11-15
- J. *Public sector economics*, ch.3 (pp.58-62), chs.6,16,17

**\*\*TAKE-HOME PROBLEM SET ON BASIC ECONOMICS AND SOME SAMPLE CALCULATIONS (sometime during the first half of semester)**

**\*\*\*IN-CLASS MID-TERM EXAM ON BASIC ECONOMICS AND PUBLIC SECTOR ECONOMICS (roughly 8 weeks after start of semester)**

**II. OVERVIEW OF SPATIAL ECONOMICS AND URBAN GEOGRAPHY**

- A. *Trends in Urbanization and the Rationale for Cities*, Pacione, chs.3,4,and 5
- B. *The Location of Cities; Systems of Cities and the Urban Hierarchy: the Growth of Metropolitan Areas*, Pacione, ch.6
- C. *The Internal Structure of Western Cities: History, Recent Trends, and Theories*, Pacione, ch. 7
- D. *The Internal Structure of Third World Cities*, Pacione, ch. 22

**TERM PAPER** (Paper due Thursday, December 4, regardless of whether you are presenting it in class on Dec. 4 or 11. Late papers will be accepted but with penalty increasing with degree of lateness.)

The term paper required for the course is really more of a take-home essay exam with two questions, which require some amount of research and, most important, a specific, applied context that you have to provide. It is important that you start thinking

about the two questions about halfway through the semester, so that you will not be at a loss for ideas when the time comes for actually writing the paper near the end of the semester. ***The answers to both questions together--i.e. for the entire paper--should not exceed 10 typed pages of written text, double-spaced, not counting maps you should definitely include, perhaps also with a few key lists or tables or graphs, although those are completely optional.*** Single-spaced papers will **NOT** be accepted. Pages exceeding the 10-page limit might not be read, so please stay within the page limit. You may combine the two essays into one integrated essay provided that by doing so you still answer both questions. In each of the questions, I am requesting that you analyze situations in a specific city or metropolitan area (anywhere in the world!) using the theories and concepts we are discussing in class. Most of the examples we give in class are for the U.S., and most of the theories were developed by Americans. I want you to examine their specific applicability OR NON-applicability to explaining city location and the internal structure of cities in whatever city or metropolitan area most interests you, which can be anywhere in the world! You have complete freedom of choice of the city. No matter what city you choose, however, you must answer the same two basic questions:

**QUESTION #1) EXPLANATION OF THE OVERALL LOCATION AND SIZE OF YOUR CITY**

We will have examined a number of theories, factors, explanations for city location and for the system of cities. To what extent do these theories, factors, explanations apply to your own country, your state, your hometown? BE SPECIFIC!!!! You might want to describe briefly the history of the development of your specific case study city or metropolitan area and note what factors led to its current level of population, economic or political importance. You should at least refer to the theories mentioned in class, but feel free to show that they don't apply, if this is the case. Don't feel limited to factors discussed in class. But please be as specific as you possibly can. You will have to find supplementary sources of information to answer this question--you won't find the answers in the assigned readings. Be inventive, be resourceful, be interesting, and don't be lazy! After all, you should be interested in whether or not the theories discussed in the course apply to the city you choose to analyze. The main question here is WHY YOUR CITY IS LOCATED WHERE IT IS, HOW ITS ECONOMY DEVELOPED, HOW AND WHY IT GREW TO BE AS LARGE AS IT IS, WHAT ROLE IT PLAYS IN THE LOCAL, REGIONAL, NATIONAL, AND INTERNATIONAL HIERARCHY OF CITIES. In a sense, this is the **MACRO** part of the locational question: Why is the city located where it is in relation to the surrounding region,

country, etc. To what extent were climate, topography, natural resources, politics, religion, or location on key transportation routes the reason for its location. And what is your city's relationship to other cities in the system of cities?

**QUESTION #2) EXPLANATION OF THE INTERNAL STRUCTURE AND LAND-USE PATTERN OF YOUR CITY AND CHANGES OVER TIME**

We will also have examined a number of theories about what influences the internal structure of cities, and how these might explain both differences among countries and cultures as well as changes over time. Again, choose the city you want to examine, and discuss how its internal structure has changed over time, why, what factors have been at work, whether or not the theories discussed in class are applicable. But **BE SPECIFIC**. Feel free to express your own opinions, but substantiate them with facts, data, information. You're going to have to do some independent thinking on this and a bit of research as well. In a sense, this is the **MICRO** version of the two questions. It asks you to explain the land-use pattern WITHIN your city, differences in land uses by income group, residential vs. business, where different kinds of industry are located, to what extent the city is centralized or decentralized, the density, the extent of suburbanization, where the poor live, and where the rich live, and how all these things have changed over time.

**ORGANIZATION:** In writing your papers, you can EITHER answer each of the two questions separately, OR you may choose to integrate the answers to the two questions, perhaps organizing your paper chronologically into different eras, and discussing the locational factors, both externally and internally, in each era. Most students, in fact, organize their discussion chronologically into several periods, and discuss in turn within each era the overall locational factors (transportation, industry, resources, political and military factors) and then the land-use pattern for that era. You can choose either way you want, either separate sections for each question or integrated answers organized by era.

**COLLECTING INFORMATION:** Start thinking about these questions about halfway through the semester and start then to collect necessary information. DON'T wait until the day before to write up the answers!! You will probably want to start collecting information about your city early in the semester, even though you won't be analyzing it and writing it up until after the mid term exam, I suppose. Especially if you choose a city far away from here, you will want to start VERY early trying to contact friends and colleagues in your city to collect the information you need on your city's overall location and its land-use

pattern. The internet is obviously an important and convenient source of information, but please do NOT assume that you can rely exclusively on the internet. You almost certainly will NOT be able to get all the information you need by simply surfing the net! There is surely much information in books, articles, reports, etc. that is not available through the internet, especially older documents that predated the internet.

**PROPER REFERENCING:** In past semesters, some students have found books or articles about the historical development of their cities and then simply copied, often verbatim, out of those sources, without any original input or analysis of their own. This is NOT acceptable! While you may certainly draw on information from a wide variety of sources, this paper should be YOUR original work, YOUR analysis and YOUR description of your city's development. Do not copy verbatim out of any source without properly acknowledging it. It is very important that you are very, very careful about proper referencing of all information you use in the papers. Thanks.

**INCLUDE MAPS FOR ANSWERING BOTH QUESTIONS:** Please USE MAPS, actually SHOW actively on the maps what points you are trying to make. Do not simply include lots of maps from other sources. You need to actually USE the maps, manipulate the maps, draw on the maps, highlight what you want to show. I cannot imagine answering the two questions without maps, so please be careful to include maps and to USE them effectively. And most maps do not just speak for themselves. It is up to YOU to use them effectively.

**\*\*\* STUDENTS WILL MAKE BRIEF PRESENTATIONS OF PAPERS AT THE END OF THE SEMESTER, ON December 4 and 11.**

**\*\*\* PLEASE REMEMBER: PAPER IS DUE ON December 4, regardless of whether your present on Dec. 4 or 11! LATE PAPERS WILL BE ACCEPTED BUT WITH SIGNIFICANT PENALTIES!! PAPER MUST BE DOUBLE-SPACED AND the text portion of the papers MAY NOT EXCEED 10 PAGES IN LENGTH!** Pages required for maps, photos, graphs, charts, etc. will not be counted in the page limit, so you can include as many of those as you need.

**\*\*\* YOUR PRESENTATIONS SHOULD BE ABOUT 15 MINUTES LONG, AND THEY SHOULD FOCUS ON ANSWERING THE SPECIFIC QUESTIONS POSED INSTEAD OF PROVIDING A DETAILED HISTORY OF YOUR CITY'S DEVELOPMENT. I PROPOSE THAT YOU MAKE POWERPOINT PRESENTATIONS WITH ALL THE KEY INFORMATION FROM YOUR PAPERS SUMMARIZED IN PERHAPS 10 OR SO SLIDES. I STRONGLY URGE YOU TO INCLUDE INTERESTING, INFORMATIVE, AND ENTERTAINING**

**PHOTOS, MAPS, AND GRAPHICS, AND NOT SIMPLY LISTS OF POINTS, ALTHOUGH YOU SURELY WILL WANT A FEW SUCH SLIDES WITH THE MAIN POINTS AS WELL. ALSO BE SURE NOT TO INCLUDE TOO MUCH TEXT ON ANY ONE TEXTUAL SLIDE, BUT RATHER ONLY 5 OR 6 KEY POINTS THAT ARE EASY TO SEE FROM THE BACK OF THE CLASSROOM. TOO MUCH TEXT ON ONE SLIDE MAKES IT VIRTUALLY ILLEGIBLE AND TOO CONFUSING FOR THE AUDIENCE.**

YOU SHOULD **DEFINITELY INCLUDE MAPS**, AS IT WOULD BE VIRTUALLY IMPOSSIBLE FOR YOU TO MAKE A PRESENTATION OF THIS TOPIC WITHOUT MAPS. YOU SHOULD ALSO INCLUDE PLENTY OF MAPS IN THE PAPER ITSELF. **PRACTICE YOUR PRESENTATION IN ADVANCE. OTHERWISE, YOU ARE ALMOST CERTAIN TO GO WAY OVER THE ALLOTTED TIME.**

\*\*\* Each student will probably feel that 15 minutes will not allow them enough time to do justice to their city. But as a practicing planner, you will constantly be faced with the need to present of great deal of complicated information in a very brief amount of time. So consider this practice for future presentations in your jobs. It is essential that YOU condense the most important information into the 15 minutes allowed. Practice in advance to be sure it fits into 15 minutes. PLEASE.

**LAST WORD:** THESE FINAL STUDENT PRESENTATIONS ARE THE HIGHLIGHT OF THE COURSE FOR MANY STUDENTS AND ALSO FOR ME, SO PLEASE TRY TO DO A GOOD JOB ON THEM. ONLY I WILL BE READING YOUR TERM PAPERS, BUT ALL OF YOUR FELLOW STUDENTS AS WELL AS I WILL BE LISTENING TO YOUR POWERPOINT PRESENTATIONS, SO THEY ARE VERY IMPORTANT INDEED AND WILL COUNT SIGNFICANTLY TOWARD THE FINAL GRADE FOR THE PAPER AND THE COURSE. THANKS FOR DEVOTING THE TIME AND EFFORT NEEDED TO MAKE THESE PRESENTATIONS REALLY GOOD.