New York University
Robert F. Wagner Graduate School of Public Service

P11.2608: Urban Economics
Spring 2011

Tuesday, 9-10:40
Room 203, 194 Mercer Street

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Office Hours: Tuesdays 4:00-5:30 or by appointment

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Course Description
The field of urban economics addresses a wide variety of questions and topics. At the most general level, the field introduces space into economic models and studies the location of economic activity. Urban economics typically addresses four sets of questions, and this course is organized around these four areas. The first set of questions focuses on the development of urban areas. Why do cities exist and why do some grow more rapidly? How can local governments encourage such growth? The second set of questions addresses patterns of development within metropolitan areas. Why do certain parts of metropolitan areas grow more rapidly than others? How do firms and households decide where to locate within given metropolitan areas? What determines the price of land, and how do these prices vary across space? The third set of questions concerns the spatial dimensions of urban problems. In this class, we will focus on poverty, housing, and inner-city economic development. Finally, in the last part of the class, we will briefly study the spatial aspects of local government policy and explore the inter-relationships between city and suburban governments.

Course Prerequisites
Students should have completed P11.1018 (Microeconomics) and should have taken or be taking P11.1101 (Statistical Methods) concurrently. Several assignments will ask you to use excel, so please brush up on your excel skills if needed.
Course Requirements

Students are expected to do the reading each week before class. In addition, there will be three take-home assignments, a mid-term exam, and two policy memos. The assignments will combine problems and data analysis (using a spreadsheet program such as excel). I encourage you to work together on these three assignments, but you must submit individual write-ups. The take-home assignments will be graded on a pass-fail basis.

Grading

All requirements must be completed by the dates specified or they will not be counted towards final grade. No late assignments will be accepted. Borderline grades may be adjusted on the basis of class participation.

1. First assignment (5% of final course grade)
   Due in class 4, Tuesday, February 15th
2. Second assignment (5% of final course grade)
   Due in class 7, Tuesday, March 8
3. Third assignment (5% of final course grade)
   Due in class 9, Tuesday March 29th
4. Midterm exam (40% of final course grade)
   Class 10, Tuesday, April 5th
5. First policy memo (20% of class grade)
   Class 12, Tuesday April 19th
6. Second policy memo (25% of final course grade)
   Due 12:00pm, Friday, May 6th

Readings

All readings are required, unless noted as supplementary. The readings include chapters from two textbooks:


Students do NOT need to purchase either book in its entirety. The assigned chapters from each textbook are available for sale at the NYU Bookstore. The O’Sullivan chapters are in a customized text. The O’Flaherty chapters are included in the course reader for the class. You may want to call ahead to make sure that they have a packet ready for you (212-998-4860).

Other required articles are posted on the course blackboard site, which you can find at http://classes.nyu.edu/. Most of the supplemental readings should be posted on blackboard as well. These supplemental articles are there for your interest and are optional.
Class Schedule

Part I: Market Forces in the Development of Cities

1. Introduction: What is a City and Why Do They Exist? (January 25)
   O’Sullivan, Chapter 1.
   O’Flaherty, Chapters 1 and 2.

Supplementary

2. What Drives Urban Economic Growth? (February 1)

Supplementary


3. Why do we Care about Economic Growth? (February 8)

O’Flaherty, Chapter 18, pp. 517-531.

**Supplementary**


4. Urban Economic Growth and State and Local Policy (February 15)

O’Flaherty, Chapter 18, pp. 531-551.

**Supplementary**

Part II: Land Rent and Land-Use Patterns with Metropolitan Areas

5. Introduction to Land Rent and Land Use (February 22)

O’Sullivan, Chap 6 and selections from Chap 7, Appendix, pp. 153-160.

Supplementary
http://www.research.stlouisfed.org/publications/review/05/05/CohenCoughlin.pdf


6. Land Use Patterns and Causes of Suburbanization (March 1)

O’Sullivan, Chapter 7.

Supplementary
O’Flaherty, chapters 3 and 6.

7. Overview of Local Government (March 8)

O’Sullivan, Chapter 15.
Schwartz, Amy Ellen. “Tax and the City: Tax Reform for a Competitive New York” in Rethinking the Urban Agenda: Reinvigorating the Liberal

8. The Economics of Zoning (March 22)

O’Sullivan, Chapter 9.

Supplementary
Downs, Anthony, New Visions for Metropolitan America (Brookings Institution Press, 1994).
O’Flaherty, Chapter 8.

9. Economics of Housing Markets (March 29)

O’Flaherty, Chapter 13.

Supplementary
10. IN-CLASS MIDTERM – Tuesday, April 5th

Part III: Economics of Urban Problems

11. Suburbanization and Sprawl: An Assessment (April 12)


Supplementary:


12. Race and Housing (April 19)

O’Flaherty, Chapter 12.


Supplementary


13. Urban Poverty: The Role of Space (April 26)


Supplementary


14. Looking to the Future (May 3)


**Supplementary**

