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. 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). Students are encouraged to work together on these three assignments, but must submit individual write-ups. The take-home assignments will be graded on a pass-fail basis.
Students are required to keep up with assigned readings, stay informed on relevant current events, and contribute own topical research to each class session (e.g. see Useful websites for some informational sources).

**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  
   [due in class 4; Feb 15]  
   5%
2. Second assignment  
   [due in class 7; March 7]  
   5%
3. Third assignment  
   [due in class 9; March 28]  
   5%
4. Midterm exam  
   [class 10; April 4]  
   40%
5. First policy memo  
   [class 12; April 18]  
   20%
6. Second policy memo  
   [due Noon, May 9]  
   20%
7. Class attendance / participation  
   5%

No assignments will be accepted past due dates. Class participation requires attendance of all class sessions (unless absence is excused in advance) and active involvement in class discussions.

The course webpage at http://classes.nyu.edu/ is the primary electronic information dissemination source. Please check course's page regularly for any announcements and to share information with class via discussion board.

Plagiarism/cheating will result in disciplinary actions as per the University’s policy [http://wagner.nyu.edu/current/policies/].

**Readings**

All readings are required, unless noted as supplementary. The readings include select 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.
Useful websites:
- Financial Times / Cities: http://www.ft.com/cities
- The Urban Institute: http://www.urban.org/
- WB Urban Institute: http://go.worldbank.org/PQE9TNVDI0
- Financial Times: www.ft.com
- Federal Reserve: http://www.federalreserve.gov/
- History of Economic Thought: http://homepage.newschool.edu/het/
- Paul Krugman’s column: http://krugman.blogs.nytimes.com/
- Brad De Long’s Blog: http://delong.typepad.com/delong_economics_only/

**Helpful readings**

**Class outline and assigned readings**

Note: asterisks ** indicate assignment due at beginning of class.

**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**


O’Sullivan, Chapter 3.

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. 193-201.

Supplementary
6. **Land Use Patterns and Causes of Suburbanization (February 29)**

O’Sullivan, Chapter 7.

**Supplementary**
O’Flaherty, chapters 3 and 6.

7. **Overview of Local Government (March 7)**

O’Sullivan, Chapter 15.

**Supplementary**
8. The Economics of Zoning (March 21)
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 28)**

O’Flaherty, Chapter 13.

Supplementary

10. **IN-CLASS MIDTERM** – Tuesday, April 4th

**Part III: Economics of Urban Problems**

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


Supplementary:

12. **Race and Housing** (April 18)**

O’Flaherty, Chapter 12

Supplementary


13. **Urban Poverty: The Role of Space** (April 25)


**Supplementary**


14. **Looking to the Future (May 2)**


**Supplementary**


### The content of this syllabus is subject to change. ###