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

URPL-GP.2608-001: Urban Economics
Spring 2013

Tuesdays 6:45 – 8:25 PM
Global Center for Academic & Spiritual Life, Room 383

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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, why do they grow, 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 aspects of local government policy and explores the inter-relationships between city and suburban governments.
• Finally, we will study the spatial dimensions of urban problems. In this class, we will focus on housing, race, poverty, and inner-city economic development.

Course Prerequisites
Students must have completed P11.1018 (Microeconomics) and should have taken or be taking P11.1101 (Statistical Methods) concurrently. Some of the homework assignments will ask you to use excel, so please brush up on your basic excel skills if needed.
Course Requirements
Students are expected to complete all required readings before class each week. Class attendance is expected unless absence is excused in advance. All students must complete three take-home assignments, an in-class midterm exam, and two policy memos. The assignments will combine problems, data analysis using Excel, and brief essays on urban issues. I encourage you to work together on the assignments, but you must submit individual write-ups. The assignments will be graded on a pass-fail basis. Class participation is strongly encouraged.

Grading
All requirements must be completed by the dates specified below or they will not be counted towards the final grade. No late assignments will be accepted – no exceptions. Borderline grades will be adjusted on the basis of class participation and attendance.

1. First assignment (5% of final course grade)
   Due in class 4, Tuesday, February 19th
2. Second assignment (5% of final course grade)
   Due in class 7, Tuesday, March 12th
3. Third assignment (5% of final course grade)
   Due in class 9, Tuesday April 2nd
4. Midterm exam (40% of final course grade)
   Class 10, Tuesday, April 9th
5. First policy memo (20% of class grade)
   Class 12, Tuesday April 23rd
6. Second policy memo (25% of final course grade)
   Due 5:00pm, Monday, May 13th

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. Chapters from O’Sullivan are available as a customized text at the NYU Bookstore at 726 Broadway. The customized text may also be purchased as an e-book (see instructions posted on the course NYU Classes site). The O’Flaherty chapters are included in the course reader for the class available at Unique Copy Center. You may want to call ahead to make sure they have a packet ready for you (212-420-9198).

Numerous other required readings for the class are posted on NYU Classes, along with many of the supplemental readings. These supplemental articles are there for your interest and are optional.
Class Schedule and Reading List

[Note: Asterisk * indicates 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 29)

O’Sullivan, Chapter 1.
O’Flaherty, Chapters 1 and 2.

Supplementary

2. What Drives Urban Economic Growth? (February 5)


Supplementary

3. Why Do We Care About Economic Growth? (February 12)
O’Flaherty, Chapter 18, pp. 517-531.

Supplementary

4. Urban Economic Growth and State and Local Policy (February 19)*
O’Flaherty, Chapter 18, pp. 531-551.

Supplementary
5. Introduction to Land Rent and Land Use (February 26)

O’Sullivan, Chapter 6.
O’Sullivan, Selections from Chapter 7, Appendix, pp. 193-201.

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

6. Land Use Patterns and Causes of Suburbanization (March 5)

O’Sullivan, Chapter 7.

Supplementary
O’Flaherty, Chapters 3 and 6.
7. Overview of Local Government (March 12)*

O’Sullivan, Chapter 15.

Supplementary

8. The Economics of Zoning (March 26)

O’Sullivan, Chapter 9.

Supplementary
Downs, Anthony, New Visions for Metropolitan America (Brookings Institution Press, 1994).
O’Flaherty, Chapter 8.
9. The Economics of Housing Markets (April 2)*

O’Flaherty, Chapter 13.

Supplementary

10. IN-CLASS MIDTERM EXAM - Tuesday, April 9th

Part III: Economics of Urban Problems

11. Suburbanization and Sprawl: An Assessment (April 16)

Supplementary:

12. Race and Housing (April 23) (*FIRST POLICY MEMO DUE*)

O’Flaherty, Chapter 12.

Supplementary

13. Urban Poverty: The Role of Space (April 30)

Supplementary


Kasinitz, Philip, and Jan Rosenberg, “Why Empowerment Zones Won’t Work.”  

Katz, Lawrence, Jeffrey Kling, and Jeffrey Liebman, “Experimental Analysis of 

Khan, Mahmud, David Hotchkiss, Andres Berruti, and Paul Hutchinson.  “Geographic 
aspects of poverty and health in Tanzania: does living in a poor area matter?”  

O’Regan, Katherine and John M. Quigley, “Spatial Effects on Employment Outcomes: 
The Case of New Jersey Teenagers.”  *New England Economic Review* 
(May/June 1996).

14. **Looking to the Future (May 7)**

Ihlenfeldt, Keith, “The Importance of the Central City to the Regional and National 
Economy: A Review of the Arguments and Empirical Evidence,”  

Glaeser, Edward L., “Demand for Density? The Functions of the City in the 21st 

Greenstone, Michael, and Adam Looney, “An Economic Strategy to Renew American 
Communities.” Strategy Paper (October 2010), The Hamilton Project, 
Brookings Institution.


Supplementary

Glaeser, Edward L., and Jesse M. Shapiro, “Cities and Warfare: The Impact of 
MA: NBER.


445-464.