My Office Hours: Mondays 12:30-2:00, Fridays 10:30-12:00 and by appointment.

In addition, Yuanshuo (Ethan) Xu (yx246@cornell.edu) will serve as the teaching assistant for this course and will be available for office hours. His office hours will be posted on blackboard soon.

Course Description: This course introduces students to the concepts, methods and the core models used by economists to study not only cities, towns and regions and their relationships with each other, but, more generally, the interesting spatial aspects and outcomes of decision making by households and firms. The course will examine the determinants of the characteristics and structure of urban and regional areas (both intra-urban and inter-urban), and consider the causes and consequences of city, suburban and regional development, growth, and decline. We will discuss how issues related to poverty, housing, transportation and education are closely intertwined with the spatial decisions of households and firms. An important component of this course will be the study of the impact and relationship of local, state and federal government policies (fiscal federalism) on urban and regional economies. Urban economics, in this course, will be defined broadly to include aspects of the related fields of real estate economics and economic geography.

Learning objectives:
This course, as is true in most economics courses, emphasizes both the learning of key concepts and the development of analytical problem-solving skills. General urban planning knowledge covered in this course includes understanding the growth and development of places over time and their location across space. Quantitative and qualitative methods will be used to help us model urban and regional spatial structure and spatial decision-making. Social Justice, governance issues, and growth and development will be included in our discussions of the spatial components of poverty, housing, inequality in education, and urban and regional growth and development.

Prerequisites: Urban economics is a field of study within microeconomics. Consequently, a prior course in microeconomics (including CRP 5120 or CRP 5122) is required.

Textbook:
O’Sullivan, Arthur (2012) Urban Economics, McGraw-Hill Irwin, 8th edition. (A used copy of an earlier edition is probably fine but you will need to check chapter numbers as they may not match those listed on the syllabus.)

The additional readings listed below will all be posted on the course blackboard website. In addition, I have put some books on reserve in case you are interested in reading more of the book than the couple of chapters assigned and posted on blackboard. The books on reserve in the Fine Arts Library are:
The optional book-length readings tend to be books that cover interesting historical events, innovations or policies that have had significant economic geography and urban economic implications. These optional book-length readings are the most pleasurable—if you don’t get a chance to read any of them over the semester you should put them on your summer reading list.

**Course Requirements and Evaluation:**

**Problem Sets** – Problem sets will be assigned roughly every other week. There will be between 5 and 7 problem sets this semester. You are welcome to work in study groups on any problem set, and you will also have at least 1 week to complete the assignment – 40%.

**Midterm** – A midterm exam will be posted to blackboard on Thursday, March 17 and will be due by the beginning of class on Tuesday, March 22 – 30%

**Final Exam** – The final exam will be posted on the last day of class and due on Monday, May 16 no later than 4:00 pm -30%.

Both the midterm and the final exams are take-home exams.

**Academic Integrity**

Each student in this course is expected to abide by the Cornell University Code of Academic Integrity. Any work submitted by a student in this course for academic credit will be the student’s own work, except for group work that is clearly labeled as such on the course assignments. In this course, only problem sets can be submitted as group work, but, even in this case, every student is expected to have answered each question. Problem sets are an opportunity to practice and learn with the support of your peers. They are not an opportunity to free ride on the effort of others.

**Accommodations for students with disabilities**

In compliance with the Cornell University policy and equal access laws, I am available to discuss appropriate academic accommodations that may be required for students with disabilities. Requests for academic accommodations are to be made during the first three weeks of the semester, except for unusual circumstances, so arrangements can be made.

**Course Schedule:**

**January 28-February 4:** Why do Cities Exist? Trade, Transportation costs, Returns to scale in production and Agglomeration economies.

- O’Sullivan Ch. 1, 2 and 3
World Bank (2009) *Reshaping Economic Geography*, Ch. 4, 5 and 6 (this reading is optional but you should look at it, it contains so much interesting content and real world examples.)

Optional Book-length Reading:

February 9-18: Where do Cities Develop? What determines their size? How are cities of different sizes related?

O’Sullivan Ch 4
Krugman, Paul (2011) “New Economic Geography, Now Middle Aged” *Regional Science*, vol. 45.1
World Bank (2009) *Reshaping Economic Geography*, Ch. 1 and 2. (as I wrote above, the reading from the volume is optional but you should look at it. It contains so much interesting content and real world application.)

Marsh, Peter (2012) ch. 8 of *The New Industrial Revolution* (Optional)
Ades, Alberto and Edward Glaeser “Trade and Circuses: Explaining Urban Giants” *Quarterly Journal of Economics*, vol. 60, pgs. 195-228. (skip the theoretical sections, read for their main findings.)
Fujita, Masahisa (2007) “Globalization, Regional Integration and Spatial Economics: An Introduction”, ch. 1 of *Regional Integration in East Asia* (optional)

Optional book-length reading:

February 23- March 3: What role do cities play in the economic growth of a nation? What are the different types of urban growth? Who benefits from urban growth in its various forms? What are the tradeoffs of the spatial equilibrium between cities? What are key tools of urban economic development?

O’Sullivan Ch. 5
Brueckner, Jan (2011) ch. 11 of *Lectures on Urban Economics*

Optional book-length readings:
Glaeser, Edward (2011) *Triumph of the City: How our Greatest Invention makes us Richer Smarter, Greener, Healthier and Happier*, Penguin Press. (Optional, but highly recommended to read this book in its entirety during the semester)
March 8- March 17: Analysis of the Spatial Structure of Urban and Suburban Areas with and without government. What determines land rent & prices and land-use patterns within metropolitan areas? What are the spatial equilibrium tradeoffs within a city or metropolitan area?

- O’Sullivan Ch. 6, 7 and 9
- Brueckner, Jan (2011) ch. 2 of Lectures on Urban Economics

Optional book-length reading:

March 22-April 5: Introduction to the Theory of Local Public Finance, Fiscal Federalism and the characteristics of the property tax and zoning.

- O’Sullivan Ch. 16 and 17

Optional book-length reading:

April 7-19: Urban Policy Issue 1: Transportation, Congestion and their relationship to Sprawl

- O’Sullivan Ch. 10-11
- O’Flaherty, Brendan (2005) Ch 4 and 5 of City Economics
- Brueckner, Jan (2011) Ch.5 of Lectures on Urban Economics

April 21-28: Urban Policy Issue 2: Real Estate and Housing.
O’Sullivan Ch. 13 and 14.
Glaeser, Edward and Joseph Gyourko (2008) Rethinking Federal Housing Policy, chapter 1 and the concluding chapter (but you should feel free to read the entire book-it is well worth reading.)
O’Flaherty, Brendan (2005) ch. 13,14 and 15 of City Economics

Optional book-length reading:
Desmond, Matthew (2016) Evicted: Poverty and Profit in the American City, Crown Publishers

O’Sullivan Ch. 8 and 12.
O’Flaherty Ch. 11 and 12 of City Economics

Optional book-length readings: