

## Course Syllabus

### Economics of Cities: Regional and Urban Economics

#### Course Details

- Course Instructor: Sun Kyoung Lee
  - Email: [sunkyoung.lee@yale.edu](mailto:sunkyoung.lee@yale.edu)
  - Website: <https://sunkyounglee.com/>
  - Office Hours: by appointment
- Class Format
  - We will meet once a week (Mondays 1:30–3.20pm). The course will be a mixture of lectures, student-led presentations on readings, and open discussion, and finally a term paper toward the end of the semester
- Pre-course survey:
  - Please fill out the survey right-after registration passes. It will help me get to know you and have a better sense of where the class is going to go!
- Prerequisites
  - ECON 117 Introduction to Data Analysis and Econometrics (or ECON 123, 131 or 132 or 136)
  - ECON 121 Intermediate Microeconomics (or ECON 125)
  - This course is open to non-Economics major with interests in urban issues as long as they took the listed two prerequisites. Students who have taken some similar courses to the prerequisites and would like to take this course, please email the instructor syllabuses of those courses that may count as prerequisite requirements

#### Course Questions

Why do cities exist? Why do firms cluster? Why some U.S. cities have prospered in recent decades while others have declined? What are the structural roots of our housing crises today? Over the past thirty years, the US has diverged into “three” Americas — at one extreme, there are brain hubs like San Francisco, Boston, and New York with workers who are the most productive, innovative, creative, and highest paid on the planet, at the other extreme are so-called “Rust Belt” which are rapidly losing jobs and residents, and the rest could go *either* way. This course takes cities as our laboratory and ask important aspects that are reshaping the very fabric of our cities and neighborhoods.

#### Course Description

This course takes cities as our laboratory. Economics is about individual choice subject to constraints and the ways that choices sum up to something often much more than the parts. The fundamental feature of any city is the combination of those forces that bring people together and

those that push them apart. Thus, both physical and social space will be central to our discussions. The underlying theoretical and empirical analysis will touch on spatial aspects of urban economics, regional, and even international economics. We will aim to see these features in (mostly but not limited to) American cities taken as a whole, as well as in specific neighborhoods of the city. We will match these theoretical and empirical analyses with readings that reflect close observation of specific subjects. The close observation is meant to inspire you to probe deeply into a topic in order that the tools and approaches of economics may illuminate these issues in a fresh way.

## **References**

There is no official textbook for this class. Materials for the class will be posted on the class website. We will also cover a number of papers as indicated in the tentative class schedule below. Relevant class material will be uploaded on the class website.

## **Books (Not Required)**

- Fujita, Masahisa; Paul Krugman, Anthony J. Venables, *The Spatial Economy: Cities, Regions and International Trade*, MIT Press, 1999
- Glaeser, Edward L., *Cities, Agglomeration, and Spatial Equilibrium*, Oxford University Press, 2008
- Ioannides, Yannis, *From Neighborhoods to Nations: The Economics of Social Interactions*, Princeton University Press, 2008

## **Non-Technical Books (Not Required)**

- Bairoch, Paul, *Cities and Economic Development: From the Dawn of History to the Present*, 1988
- Cronon, William, *Nature's Metropolis: Chicago and the Great West*, W.W. Norton, 1992
- Glaeser, Edward, *Triumph of the City: How Our Greatest Invention Makes us Richer, Smarter, Greener, Healthier, Happier*, Penguin 2012
- Jacobs, Jane, *The Death and Life of Great American Cities*, Vintage, 1961
- Jackson, Kenneth T., *Crabgrass Frontier: The Suburbanization of the United States*, Oxford University Press, 1987
- Moretti, Enrico, *The New Geography of Jobs*, Mariner Books, 2013

## Weekly Readings

The readings focus on spatial topics at the sub-national level. These have been divided broadly (and imperfectly) into sections relating to (I) Agglomeration and (II) Internal Structure of Cities. Within each section there are a large number of topics. We will devote class sessions to those that draw enough student interest to support a session, adding extra class sessions if interest mandates it. The readings listed are a mix of foundational papers and very current publications or working papers. **Papers with \* are the required reading of each topic.** Each topic has a broader set of papers available to download via Canvas.

## Grading Criteria and Course Structure

Requirements and grading are as follows:

1. There are one 5-page paper proposal (due by midterm period, 10 % of your total grade)
  - A written proposal (up to 5-page) is due on March 12th. The proposal should describe (1) the specific question or problem that is the subject of the research, (2) the theoretical concepts relevant to answering the question, (3) the data (qualitative, quantitative, or archival) relevant to answering that question, and (4) the methods of analysis that will be used
2. one final paper (Approximate due May 10th; 50% of your total grade; once your 5-page paper proposal was accepted and discussed between the student and instructor)
  - Students will be expected to submit a final paper of not more than 5,000 words (including notes and references) on a topic of your choice. The paper can be (1) an original research paper, (2) a detailed proposal for a future research project, (3) written work created for a community organization, public agency, or other entity working in the field of urban policy broadly, or (4) something else you propose to me \*on or before March 12th. The project will be completed in three parts:
3. two 3-5 page short critique of papers among listed in the syllabus throughout the semester (10% each, with the total of 20% of your total grade)
  - Short critique of the paper 1, weight: 10%, Approximate due: Feb 26th
  - Short critique of the paper 2, weight: 10%, Approximate due: March 26th
4. Class participation takes 20 % of your total grade. **Please be prepared with the readings, ask questions early and often, make arguments during the class.** Students will be responsible for responding to the week's reading ahead of class. Students would participate in the critical inquiry in multiple dimensions: suggesting critiques of the data/methodology/conclusions,

or raise questions you would like to clarify. You will be expected to attend every class prepared to discuss the readings and to be an active participant in discussion. Students are expected to attend *every* class and actively participate. If there are circumstances that make you unable to attend the class, please send me the residential college Dean's approval.

5. Although formally, it is not a part of the grade, students who do extraordinary quality works in their works that include but not limited to in-class presentation, in-class discussion, or various aspects of the class participation may receive a extra credit up to 10-15% of your total grade!

Please note that there is no in-class exam for the course. **Violations of academic integrity are taken seriously.**

To summarize:

- Short critique of the paper 1 due, Feb 26th
- A written proposal, Approximate due: March 12th
- Short critique of the paper 2 due: March 26th
- Final paper, Approximate due: May 10th

### **Academic Integrity**

Fundamental to the academic work you do at Yale is an expectation that you will make choices that reflect integrity and responsible behavior. Honesty is the foundation of good academic work. Do trust the value of your own intellect and credit others for their work. **Do not copy ideas or phrases without citing them appropriately. Do not submit projects or papers that have been written for a previous class.** See <https://poorvucenter.yale.edu/writing/using-sources/understanding-and-avoiding-plagiarism>.

Please note that collaboration is actively encouraged, and indeed is also fundamental to academic and professional work. You should be engaged in conversations with your classmates on the material.

Different assignments may have different expectations for collaboration, but the key is to **always** appropriately credit others. As an example, if a classmate suggests an idea that you use in a reading response, class presentation, or final paper, you should mention this (e.g. in a footnote).

## Course Topics

### I. Economic History of Cities

#### **Topic 1. History of US and other Cities (Week 1)**

- \*Glaeser, Ed, Urban Colossus: Why is New York America's Largest City?, Working Paper 2005
- Boustan, Bunten, Hearey, Urbanization in the US, 1800-2000, The Oxford Handbook of American Economic History, 2018
- Bairoch, Paul, Cities and Economic Development: From the Dawn of History to the Present, 1988

### II. Regional Economics

#### **Topic 2. Agglomeration, Systems of Cities (Week 2)**

- \*Ellison, Glaeser, Geographic Concentration in US Manufacturing – Dartboard Approach, Journal of Political Economy 1997
- Allen, Arkolakis, Trade & Topography of Spatial Economy, QJE 2014

#### **Topic 3. Heterogeneity and Inequality in Regional Economics (Week 3)**

- \*Chetty et al, Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States, QJE 2014
- Adao, Arkolakis, Lee, American Intergenerational Mobility in History and Space, Working Paper 2020
- Abramitzky, Boustan, Jacome, Perez, Intergenerational Mobility of Immigrants in the US over Two Centuries

#### **Topic 4. Consumer Cities and Agglomeration (Week 4)**

- \*Glaeser, Kolko, Saiz, Consumer city, Journal of Economic Geography, 2001
- Couture, Valuing Consumption Benefits of Urban Density, Working Paper 2014
- Handbury, Non-Homotheticity and Cost of Living in US Cities, Working Paper 2019

#### **Topic 5. Transportation and Agglomeration (Week 5)**

- \*Glaeser, Kohlhase, Cities, Regions, Decline of Transportation Costs, 2004 - Redding, Turner, Transportation Costs, Spatial Org of Econ, Handbook of Regional, Urban Economics, 2014
- Donaldson, Railroads of the Raj, Estimation the Impact of Transportation Infrastructure, AER 2019

#### **Topic 6. Internal Migration (Week 6)**

- \*Glaeser, Gyourko, Urban Decline, Durable Housing, Journal of Political Economy 2005
- Ganong, Shoag, Decline of Regional Income Convergence in US, Working Paper 2014
- Kennan, Walker, The Effect of Expected Income on Individual Migration Decisions, Econometrica, 2011

### III. Urban Economics

#### **Topic 7. Urban Land Use and Real Estate (Week 7)**

- \*Duranton, Puga, Urban Land Use, Handbook of Regional, Urban Economics, 2014

#### **Topic 8. Micro-Foundations of Agglomeration (Week 8)**

- \*Greenstone, Hornbeck, Moretti, Identifying Agglomeration Spillovers from Large Plants, Journal of Political Economy 2010
- Arzaghi, Henderson, Networking off Madison Avenue, ReStud 2008
- Luff, Lee, Social Agglomeration Forces and the City, Working Paper 2020

#### **Topic 9. Segregation (Week 9)**

- \*O'Flaherty, Sethi, Crime & Segregation, Journal of Economic Behavior & Organization 2007
- Boustan, Was Postwar Suburbanization "White Flight" – Evidence from the Black Migration, QJE 2010
- Davis, Dingel, Monras, Morales, "How Segregated is Urban Consumption?", Journal of Political Economy 2019
- Schelling, Models of Segregation, American Economic Review Papers and Proceedings 1969
- O'Flaherty, the Economics of Race in the United States, Harvard University Press, 2015

#### **Topic 10. Gentrification + Rent Control and Stabilization (Week 10)**

- \*Glaeser Luttmer, The Misallocation of Housing Under Rent Control, American Economic Review, 2003
- Guerrieri, Hartley, Hurst, Endogenous Gentrification & Housing Price Dynamics, Journal Public Economics 2013
- Gould Ellen, O'Regan, How Low Income Neighborhoods Change, RSUE 2011

#### **Topic 11. Finance Sector (Week 11)**

- \*Philippon, Resheff, Wages, Human Capital in Finance, 1909-2006, QJE 2012 - Cassis, Capitals of Capital, Hist of International Financial Centers, 1780-2005
- Boily, Pay Premia in Major Ind Grps in NYC, MLR 2011

#### **Topic 12. Cities and Environment (Week 12)**

- \*Kesztenbaum, Rosenthal, Sewers' diffusion and the decline of mortality: The case of Paris,

1880-1914, JUE 2018

- Gillingham & Stock, The Cost of Reducing Greenhouse Gas Emissions, Journal of Economic Perspectives, 2018

- Ferrie, Troesken, Water and Chicago's mortality transition, 1850 - 1925, Explorations in Economic History 2008

- Hanlon, Tian, Killer Cities: Past and Present, Working Paper 2015