

# ECONOMICS OF CITIES, INEQUALITY, AND INNOVATION (ECON 129)

Spring 2021

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<b>Instructor:</b> Fabian Eckert	<b>Time:</b> M/W 5:00pm – 6:20pm
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**Course Pages:** Please refer to our [Canvas](#) site.

**Office Hours:** Friday 1-3 pm

**Course Description:** The course explores the dual role of American Cities as places of innovation and job creation but also places of great economic inequality and segregation over the last century. We start with an overview of American Cities, their growth over the last century, the demise of some, and the prospering of others. Then we focus on cities in the era of manufacturing, factory towns, the moving western frontier, and trade between cities and between cities and the agricultural hinterland. We will learn about the fundamental forces that shaped cities at the time and the impact they had on people's lives. At the end of this section, we will also look at historical data ourselves. Download some data from the internet on historical places and create maps using simple mapping software. You will create maps of the changing population across regions in the United States over time. The second half the course deals with cities since 1980, the end of the manufacturing era. It will start with a lecture on trends in economic inequality in the US, and facets of it, such as intergenerational mobility, nutritional inequality, etc. Then we discuss the changing role of cities in these trends. How high house prices work to keep certain people out of cities, how the distribution of jobs in cities has changed, and what is driving these trends. In the end, we relate them back to the aggregate developments in inequality. We end by evaluating whether cities are more places of opportunity or engines of inequality and what the future of cities should and maybe going forward.

**Main References:** There are no required textbooks or other books. This is a restricted list of various interesting and useful books that will be touched during the course. You need to consult them occasionally.

- Enrico Moretti - The New Geography of Jobs
- Douglas Rae - Urbanism and its End
- Edward Glaeser - Triumph Of The City

**Objectives:** Course for undergraduate students to understand the history and role of cities in the US economy with a focus on their contribution to innovation and inequality.

**Prerequisites:** ECON110A (Macroeconomics A) ECON120A (Econometrics A)

**Tentative Course Outline:**

- **Weeks 1+2: Cities as Location Choice**
  - Economic reasons for the existence of cities.
  - Agglomeration forces: knowledge spillovers, shared amenities, the benefits of urban density.
  - Skilled workers in cities.
  - Working with Spatial Data.
  - The urban wage premium: causes and consequences

- **Weeks 3+4: Inside the City - Location and Transport**  
 The internal structure of cities: of centers and suburbs  
 Transportation and infrastructure: what a subway means to a city  
 The effects of "Uberization"
- **Week 5: Real Estate, Housing, and Society**  
 Housing and housing constraints in America's cities.  
 Rent Control and Stabilization  
 Segregation and Gentrification  
 Neighborhoods and Children's economic future
- Midterm
- **Week 6: Cities in American History**  
 The growth of the US' early urban behemoths.  
 Drivers of Urbanization then and now.  
 From Manufacturing Towns to Service Hubs
- **Weeks 7+8: Cities as Engines of Innovation**  
 Cities as drivers of innovation in the US economy.  
 Urban Density and Creativity  
 Cities as birthplaces of the new
- **Weeks 9+10: Cities and the Rise in Inequality**  
 Inequality within and across cities  
 The skilled wage premium in large cities  
 Skill-biased technological change in cities  
 Global Cities and Globalization
- Final

**Important Dates:**

Homework #1 .....	TBD
Homework #2 .....	TBD
Homework #3 .....	TBD
Midterm .....	TBD
Final .....	TBD
Mini-Presentation .....	TBD

**Problem Sets:**

- There will be 3 problem sets throughout the course.

**Project:** A small project of your choosing on a topic involving cities in the US (e.g., "segregation in American cities"). You choose a topic, search for some data, and provide a short write-up. You will give a short presentation of your work.

**Participation:** Active participation and reading is necessary to succeed in the course.

**Exams:** Midterm Exam and Final Exam

**Grading:** 20% Problem Sets.

20% Presentation.

20% Participation.

20% Midterm.

20% Final.

**Some Motivational Reading/Listening:**

- Richard Florida, "The World is Spiky," Atlantic Monthly, October 2005.
- Porter, Eduardo, "Why Big Cities Thrive, and Smaller Ones Are Being Left Behind", New York Times, October 2017
- Ed Glaeser, "Triumph of the City", Talk at London School of Economics, March 2011
- Chetty, et al., "The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility," manuscript 2018.
- Leah Boustan on Race, Migration, and Cities
- Veronica Guerrieri on Neighborhoods and Inequality

## References