Economic growth is largely an urban phenomenon, the potential benefits of which are reflected in the high standards of living that have been achieved in the United States and other developed countries. At the same time, poverty, segregation, and congestion are often exacerbated by the urbanization of society, the costs of which are reflected in social tensions, crime, pollution, and traffic jams. Urbanization is mostly viewed as a positive source of productivity and opportunity in developed countries, but this is sometimes not the case in developing countries. This course and its companion, ECN 741, evaluate the economic foundations of both the good and bad sides of urbanization.

Students planning to take the comprehensive exam in urban and regional economics are required to take both ECN 741 and ECN 745. Students not planning to take the comprehensive exam are welcome to take either or both courses. It is not necessary to have taken ECN 741 prior to this course.

The field of urban and regional economics is very broad and there is far more material than we will have time to cover, even over the two-course sequence. The primary emphasis in ECN 741 is on spatial patterns of economic activity and land rents within individual cities. In contrast, the first half of this course emphasizes the extent and manner in which spatial concentration of economic activity contributes to productivity and growth. Cities and neighborhoods often exhibit both persistence and change, which we will consider. Finally, we will examine various implications of investment in land markets under uncertainty, including timing of development, marketing of real estate, house price dynamics and efficiency. These issues bear on whether real estate values reflect underlying fundamentals versus bubbles.

Course Website
Assignments and other course related information will be posted to the course website: http://faculty.maxwell.syr.edu/rosenthal/Courses/ECN745/HomePage.htm

Readings
Readings for the course will be drawn from items on the reading list. The exact selection of readings will depend in part on how quickly we move through the material and the interests and background of those in the class. The readings are primarily journal articles and book chapters including several from volumes 4 and 5 of the Handbook of Regional and Urban Economics. Readings will be posted to the Assignments section of the website as PDF files except for a few items that will be available in hard copy at the Center for Policy Research reception desk.

Grading
Your course grade will be determined based on your performance on the maximum of the two grading schemes described below.
Grading Options I and II

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<tr>
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<th>Option I: No Term Paper</th>
<th>Option II: Term Paper</th>
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</thead>
<tbody>
<tr>
<td>Class Presentations (two)</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Term Paper</td>
<td>0%</td>
<td>30%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>10%</td>
<td>10%</td>
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Final Exam
The final exam will cover the entire course. The format for the exam will be announced roughly one month prior to the exam date.

Class Presentations
Each student will present two articles to the class. For one or both of these you may be partnered with another student in the class depending on how many people are in the group. Presentations will be based on papers posted to the course website. You are welcome however to suggest an alternate paper(s) for your presentation that has been published in the Journal of Urban Economics since roughly 2010, or in another major economics journal.

As part of your presentation, you must prepare and distribute a handout summarizing the main features of the paper and your talk. Your grade will be based on the quality of your handout and the clarity of your presentation.

Research Paper
The paper is intended to be an opportunity to develop possible dissertation work. It can be a careful synthesis and review of material in the literature or it can include original research. The term paper must also go beyond simply reviewing material discussed directly in class.

As part of the term paper, a two-page paper proposal is due by Wednesday, March 20. As a guide, successful term papers will typically be between 15 to 20 pages in length, double spaced, with normal margins and fonts. Check with me first if you want to do something outside of these guidelines.

Class Participation
Class participation is important, so speak up. There are no bad questions. In addition, as a seminar class, everyone is expected to have read the assigned articles before class and show up ready to contribute.

Academic Honesty
Complete academic honesty is expected of all students. Any incidence of academic dishonesty, as defined by the SU Academic Integrity Policy (see the Academic Integrity Policy and Procedures (PDF) will result in both course sanctions and formal notification of the College of Arts & Sciences. You are encouraged to study together. However, except where noted, your work on exams must be done independently, and be your own. You are also encouraged to draw on published and unpublished materials for your term paper, but you must not plagiarize.
READING LIST
Readings subject to change.
Check the course assignments site for updates.

PART 1: Productivity and Cities

1. Scale Economies and Transport Costs in City Formation


2. The Geographic Scope of Agglomeration Economies


3. Measuring Agglomeration and City Borders


4. **Microfoundations of Agglomeration Economies**


5. **Local Government Policy and Growth**


**PART 2: Change and Persistence Across and Within Cities**

1. **Across Cities**


2. Within Cities


PART 3: Uncertainty, Supply Constraints and Volatility in Real Estate Markets

1. Real Options in Urban Development


2. Marketing Real Estate Under Uncertainty


3. Land Supply Restrictions


4. Mortgage Default and House Prices


5. Efficiency and Boom-Bust Episodes in Real Estate Markets


