

# **POLSCI 389 - The Political Economy of Cities**

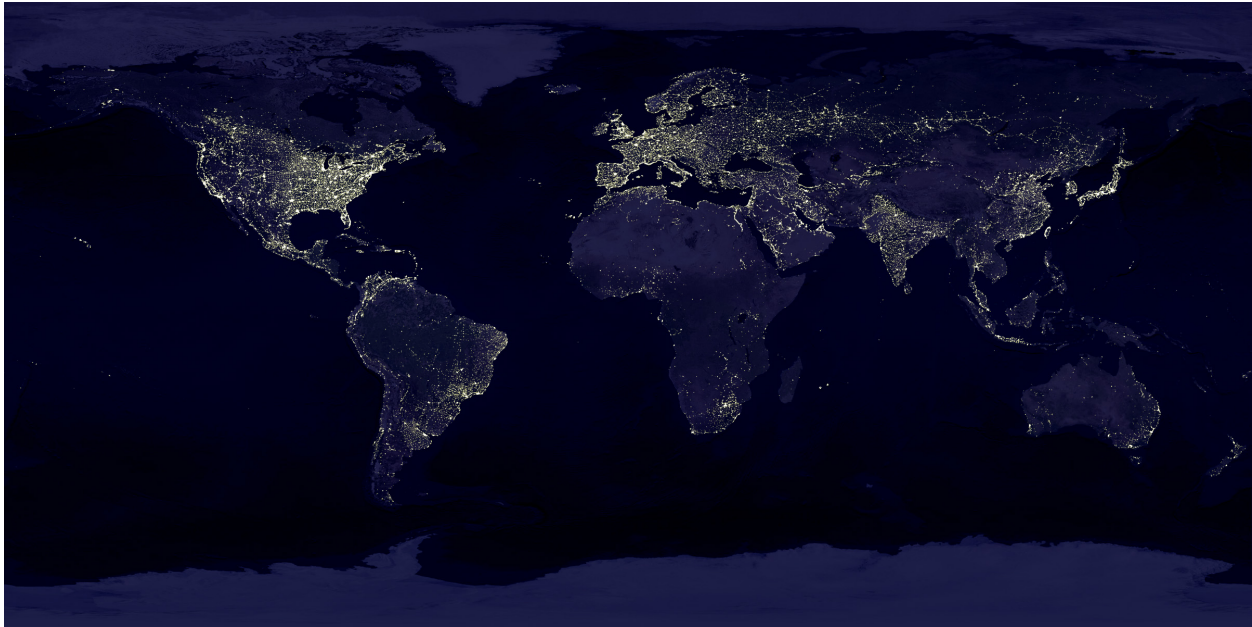
Instructor: Joe Ornstein

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Schedule: M,T,Th @ 2-4pm, 1359 Mason Hall

Office Hours: M,T,Th @ 4-5pm, 7726 Haven Hall

Course website: Canvas



## **Course Description**

Over half of the Earth's population now lives in cities. These urban areas form the backbone of the global economy, but in order to function, they require effective governance. Cities need roads, schools, police, fire protection, parks, mass transit, sewers, and electricity. In the United States, local government spending on these services constitutes roughly 25% of all government expenditures, and employs about 50% of the public workforce.

In this course, we will address the central questions in urban political economy. How do governments encourage or discourage urbanization? Why do local governments adopt some economic policies and neglect others? Does competition between city governments make everyone better off, or lead to a race to the bottom? Why are some places more corrupt than others? Does partisanship matter at the local level? How do ethnic diversity and segregation affect local governance?

Traditionally, urban politics has been considered a subfield of American Politics (well, at least in America). As a result, much of the research and examples I cite in class will come from US cities. Where possible, I will draw on comparative research from both developed and developing countries, including the United Kingdom, Brazil, India, China, and Japan.

## Grading

### Resident Expert Assignments - 60%

At the beginning of the semester, I will assign each student a random world city. As the course progresses, I expect that each student will become a “resident expert” on their city, and will use that knowledge to contribute to class discussion. Prior to each class session, I will post several short assignments to Canvas, some of which may involve conducting research on your assigned city. Please complete these assignments before class begins. (10% will be deducted from late assignments, and no assignments will be accepted one week past the due date.)

### Midterm and Final Exam - 40%

The midterm will be held on Thursday, May 25, and final exam on Friday, June 23. They will be composed primarily of short response questions, and will test your understanding of the theories and evidence we discuss in class. The final will be cumulative.

## Readings

The *assigned readings* are intended to complement, rather than duplicate, the material we discuss in class. Please read these before each session. The syllabus also includes a set of *supplementary readings*, most of which are academic papers that inform the lecture materials. You are not required to read these, but the intrepid among you who do are likely to end up with a more thorough understanding and a better grade.

## Schedule

### Tues, May 2: Introduction

Overview of the course; logistics

### Thurs, May 4: The Origins of Urban Civilization

Urbanization and modernization; city-states and city-leagues

#### *Assigned Readings:*

- Mallaby, Sebastian (July 2010). “The Politically Incorrect Guide to Ending Poverty.” *The Atlantic*.

#### *Supplementary Readings:*

- Stasavage, David. 2014. “Was Weber Right? The Role of Urban Autonomy in Europe’s Rise.” *American Political Science Review* 108(2): 337-54.
- Dincecco, Mark, and Massimiliano Gaetano Onorato. 2016. “Military Conflict and the Rise of Urban Europe.” *Journal of Economic Growth* 21(3): 259-82.

- Voigtländer, Nico, and Hans Joachim Voth. 2013. “The Three Horsemen of Riches: Plague, War, and Urbanization in Early Modern Europe.” *Review of Economic Studies* 80(2): 774-811.
- Nunn, Nathan, and Nancy Qian. 2011. “The Potato’s Contribution to Population and Urbanization: Evidence from a Historical Experiment.” *Quarterly Journal of Economics* 126(2): 593-650.

### **Mon, May 8: Urban Economics**

Economies of scale; agglomeration effects; scaling laws

*Assigned Readings:*

- Glaeser, Edward L. 2005. “Urban Colossus: Why Is New York America’s Largest City?” [NBER Working Paper Series](#). Introduction.

*Supplementary Readings:*

- Brueckner, Jan. 2011. *Lectures on Urban Economics*. Chapter 1: “Why Cities Exist”
- Krugman, Paul. 1991. “Increasing Returns and Economic Geography.” *Journal of Political Economy* 99: 483-99.
- Glaeser, Edward L., Jed Kolko, and Albert Saiz. 2001. “Consumer City.” *Journal of Economic Geography* 1(1): 27-50.
- Glaeser, Edward L., and Joshua D. Gottlieb. 2009. “The Wealth of Cities: Agglomeration Economies and Spatial Equilibrium in the United States.” *Journal of Economic Literature* 47(4): 983-1028.
- Bettencourt, Luís M. A. 2013. “The Origins of Scaling in Cities.” *Science* 340: 1438-41.

### **Tues, May 9: Urban Economics, continued**

Economic geography; urban growth; city size distributions

*Assigned Readings:*

- McCurry, Justin (Apr 18, 2016). “Story of cities #24: how Hiroshima rose from the ashes of nuclear destruction.” [The Guardian](#).

*Supplementary Readings:*

- Krugman, Paul. 1996. “Confronting the Mystery of Urban Hierarchy.” *Journal of the Japanese and International Economies* 10: 399-418.
- Davis, Donald R., and David E. Weinstein. 2002. “Bones, Bombs, and Breakpoints: The Geography of Economic Activity.” *The American Economic Review* 92(5): 1269-89.
- Ades, Alberto F., and Edward L. Glaeser. 1995. “Trade and Circuses: Explaining Urban Giants.” *The Quarterly Journal of Economics* 110(1): 195-227.

## Thurs, May 11: Urban Economics, concluded

Tiebout models; local public finance; capitalization

### Assigned Readings:

- Fox, Justin (Dec 22, 2015). "Where America Is Moving". [Bloomberg View](#).

### Supplementary Readings:

- Brueckner, Jan. 2011. *Lectures on Urban Economics*. Chapter 8: "Local Public Goods and Services".
- Tiebout, Charles M. 1956. "A Pure Theory of Local Expenditures." *The Journal of Political Economy* 64(5): 416-24.
- Hamilton, Bruce W. 1976. "Capitalization of Intra-jurisdictional Differences in Local Tax Prices." *The American Economic Review* 66(5): 743-53.
- Mummolo, Jonathan, and Clayton Nall. 2016. "Why Partisans Do Not Sort: The Constraints on Political Segregation." *The Journal of Politics* 79(1).
- Rhode, Paul W., and Koleman S. Strumpf. 2003. "Assessing the Importance of Tiebout Sorting: Local Heterogeneity from 1850 to 1990." *American Economic Review* 93(5): 1648-77.

## Mon, May 15: City Limits

The functions of local government; the Race to the Bottom; policy spillovers; tax competition

### Assigned Readings:

- Louise Story. "As Companies Seek Tax Deals, Governments Pay High Price". *The New York Times*, December 1, 2012.

### Supplementary Readings:

- Einstein, Katherine Levine, and Vladimir Kogan. 2015. "Pushing the City Limits: Policy Responsiveness in Municipal Government." *Urban Affairs Review*: 1-30.
- Rodden, Jonathan. 2003. "Reviving Leviathan: Fiscal Federalism and the Growth of Government." *International Organization* 57: 695-729.
- Brueckner, Jan K., and Luz A. Saavedra. 2001. "Do Local Governments Engage in Strategic Property-Tax Competition?" *National Tax Journal* 54(2): 203-30.
- Cai, Hongbin, and Daniel Treisman. 2005. "Does Competition for Capital Discipline Governments? Decentralization, Globalization, and Public Policy." *The American Economic Review* 95(3): 817-30.
- Lü, Xiaobo, and Pierre F. Landry. 2014. "Show Me the Money: Interjurisdiction Political Competition and Fiscal Extraction in China." *American Political Science Review* 108(August): 1-17.

## Tues, May 16: Federalism and Fragmentation

Fiscal federalism; special districts; municipal debt; common pool problems

### Assigned Readings:

- Special Districts: Last Week Tonight with John Oliver (HBO)

### Supplementary Readings:

- Berry, Christopher. 2008. "Piling on: Multilevel Government and the Fiscal Common-Pool." *American Journal of Political Science* 52(4): 802-20.
- Blom-Hansen, Jens, Kurt Houlberg, Soren Serritzlew, and Daniel Treisman. 2016. "Jurisdiction Size and Local Government Policy Expenditure: Assessing the Effect of Municipal Amalgamation." *American Political Science Review* 110(4): 812-31.
- Burns, Nancy. 1994. *The Formation of American Local Governments*. Oxford University Press. Chapter 1.
- Rodden, Jonathan. 2002. "The Dilemma of Fiscal Federalism: Hard and Soft Budget Constraints around the World." *American Journal of Political Science* 46(3): 670-87.

## Thurs, May 18: The Big Sort

Partisan sorting; dominant regimes; representation and accountability

### Selected Readings:

- Emily Badger, Quoc Trung Bui, and Adam Pearce (Nov 11, 2016). "The Election Highlighted a Growing Rural-Urban Split". *The Upshot*.

### Supplementary Readings:

- Trounstine, Jessica. 2006. "Dominant Regimes and the Demise of Urban Democracy." *Journal of Politics* 68(4): 879-93.
- Rodden, Jonathan. 2005. "Red States, Blue States, and the Welfare State: Political Geography, Representation, and Government Policy around the World." Typescript, Department of Political Science, MIT: 1-28.
- Abrams, Samuel J., and Morris P. Fiorina. 2012. "'The Big Sort' That Wasn't: A Skeptical Reexamination." *PS: Political Science & Politics* 45(2): 203-10.
- Calvo, Ernesto, and Jonathan Rodden. 2015. "The Achilles Heel of Plurality Systems: Geography and Representation in Multiparty Democracies." *American Political Science Review* 59(4): 789-805.
- Berry, Christopher R., and William G. Howell. 2007. "Accountability and Local Elections: Rethinking Retrospective Voting." *The Journal of Politics* 69(3): 844-58.

## Mon, May 22: Machine Politics

History of urban political machines; corruption; clientelism

### Assigned Readings:

- Riordan, William L. (1963). *Plunkitt of Tammany Hall*. (Chapters 1, 6, and 23).

### Supplementary Readings:

- Scott, James C. 1969. "Corruption, Machine Politics, and Political Change." *The American Political Science Review* 63(4): 1142-58.
- Fan, C. Simon, Chen Lin, and Daniel Treisman. 2009. "Political Decentralization and Corruption: Evidence from around the World." *Journal of Public Economics* 93(1-2): 14-34.
- Ferraz, Claudio, and Frederico Finan. 2011. "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments." *The American Economic Review* 101(4): 1274-1311.
- Weitz-Shapiro, Rebecca. 2012. "What Wins Votes: Why Some Politicians Opt Out of Clientelism." *American Journal of Political Science* 56(3): 568-83.

## Tues, May 23: Institutions

The Reform Movement; mayors vs. managers; electoral rules

### Assigned Readings:

- Williams, Lance (Nov 15, 2011). "Critics aim to end ranked-choice voting after SF mayoral race." *California Watch*.

### Supplementary Readings:

- Tausanovitch, Chris, and Christopher Warshaw. 2014. "Representation in Municipal Government." *The American Political Science Review* 108(3): 605-41.
- Gerber, Elisabeth R., and Daniel J. Hopkins. 2011. "When Mayors Matter: Estimating the Impact of Mayoral Partisanship on City Policy." *American Journal of Political Science* 55(2): 326-39.
- Schaffner, Brian et al. (2001). "Teams Without Uniforms: The Nonpartisan Ballot in State and Local Elections." *Political Research Quarterly* 54(1): 7-30.
- Trebbi, Francesco, Philippe Aghion, and Alberto Alesina. 2008. "Electoral Rules and Minority Representation in U.S. Cities." *The Quarterly Journal of Economics* 123(1): 325-57.
- Klačnja, Marko, and Rocio Titiunik. 2017. "The Incumbency Curse: Weak Parties, Term Limits, and Unfulfilled Accountability." *The American Political Science Review* 111(1): 129-48.

## Thurs, May 25: Midterm

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## Mon, May 29: Local Public Goods – Infrastructure

Transportation; water; electricity

### Assigned Readings:

- Puglionesi, Alicia. Jan 6, 2016. “The Manmade Marvel of the Baltimore Sewers”. [Atlas Obscura](#).
- Yglesias, Matthew (2016). “NYC’s brand new subway is the most expensive in the world – that’s a problem.” [Vox](#)

### Supplementary Readings:

- Gordon, Tracy & David Schleicher (Mar 31, 2015). “High Costs May Explain Crumbling Support for U.S. Infrastructure”. [Urban Institute](#).
- Duranton, Gilles, and Matthew A. Turner. 2011. “The Fundamental Law of Road Congestion: Evidence from US Cities.” *The American Economic Review* 101(6): 2616-52.
- Saiz, Albert. 2006. “Dictatorships and Highways.” *Regional Science and Urban Economics* 36(2): 187-206.
- Min, Brian, and Miriam Golden. 2014. “Electoral Cycles in Electricity Losses in India.” *Energy Policy* 65: 619-25.

## Tues, May 30: Local Public Goods – Quality of Life

Crime; pollution; education

### Assigned Readings:

- Chait, Jonathan. Sep 8, 2014. “Why the Worst Governments in America Are Local Governments”. [New York Magazine](#).

### Supplementary Readings:

- Roback, Jennifer. 1982. “Wages, Rents, and the Quality of Life.” *Journal of Political Economy* 90(6): 1257-78.
- Adrian Moore, James Nolan, Geoffrey F. Segal (2005). “Putting Out the Trash: Measuring Municipal Service Efficiency in U.S. Cities.” *Urban Affairs Review* 41(2): 327-359.
- Brueckner, Jan K. 1981. “Congested Public Goods: The Case of Fire Protection.” *Journal of Public Economics* 15(1): 45-58.
- Fernandez, R., and R. Rogerson. 1996. “Income Distribution, Communities, and the Quality of Public Education.” *The Quarterly Journal of Economics* 111(1): 135-164.

## Thurs, June 1: Race and Segregation

Ethnic diversity and public goods; Schelling segregation models; political effects of segregation

### Assigned Readings:

- Rosen, Sam (Apr 26, 2017). “Atlanta’s Controversial ‘Cityhood’ Movement”. [The Atlantic](#).

### Supplementary Readings:

- Alesina, Alberto, Reza Baqir, and William Easterly. 1999. “Public Goods and Ethnic Divisions.” *The Quarterly Journal of Economics* 114(4): 1243-84.
- Schelling, Thomas C. 1971. “Dynamic Models of Segregation.” *Journal of Mathematical Sociology* 1: 143-86.
- Trounstine, Jessica. 2015. “Segregation and Inequality in Public Goods.” *American Journal of Political Science* 60(3): 709-25.
- Habyarimana, James, Macartan Humphreys, Daniel N. Posner, and Jeremy M. Weinstein. 2007. “Why Does Ethnic Diversity Undermine Public Goods Provision?” *The American Political Science Review* 101(4): 709-25.
- Hopkins, Daniel J. 2011. “The Limited Local Impacts of Ethnic and Racial Diversity.” *American Politics Research* 39(2): 344-79.
- Gerdes, Christer. 2011. “The Impact of Immigration on the Size of Government: Empirical Evidence from Danish Municipalities.” *Scandinavian Journal of Economics* 113(1): 74-92.

## Mon, June 5: Urban Development

Moses vs. Jacobs; development projects; freeways and suburbanization

### Assigned Readings:

- Moskowitz, Peter. May 4, 2016. “Bulldoze Jane Jacobs”. [Slate](#).
- Easterbrook, Greg (2013). “How the NFL Fleeces Taxpayers”. [The Atlantic](#).

### Supplementary Readings:

- Jacobs, Jane. 1961. “The Death and Life of Great American Cities.” Chapter 1.
- Molotch, Harvey. 1976. “The City as a Growth Machine: Toward a Political Economy of Place.” *American Journal of Sociology* 82(2): 309-32.
- Baum-Snow, Nathaniel. 2007. “Did Highways Cause Suburbanization?” *The Quarterly Journal of Economics* 122(2): 775-805.
- Nall, Clayton. 2015. “The Political Consequences of Spatial Policies: How Interstate Highways Facilitated Geographic Polarization.” *Journal of Politics* 77(2): 394-406.



- Glaeser, Edward L, and Matthew E Kahn. 2004. “Sprawl and Urban Growth.” *Handbook of Regional and Urban Economics* 4: 2481-2527.
- Burchfield, Marcy, Henry G Overman, Diego Puga, and Matthew A Turner. 2006. “Causes of Sprawl: A Portrait from Space.” *The Quarterly Journal of Economics* 121(2): 587-633.

## **Tues, June 6: Land Use Policy**

Housing; growth controls; rent control; homelessness; the housing bubble

*Assigned Readings:*

- Yglesias, Matthew. March 1, 2012. “Why the Rent is Too Damn High” [Slate](#).

*Supplementary Readings:*

- Hsieh, Chang-Tai, and Enrico Moretti. 2015. “Why Do Cities Matter? Local Growth and Aggregate Growth.” NBER Working Paper.
- Glaeser, Edward L., and Joseph Gyourko. 2003. “The Impact of Building Restrictions on Housing Affordability.” *Economic Policy Review* 2: 21-39.
- Fischel, William A. 2001. *The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies*. Cambridge, MA: Harvard University Press.
- Glaeser, Edward L., Joseph Gyourko, and Albert Saiz. 2008. “Housing Supply and Housing Bubbles.” *Journal of Urban Economics* 64(2): 198-217.
- Gerber, Elisabeth R., and Justin H. Phillips. 2004. “Direct Democracy and Land Use Policy: Exchanging Public Goods for Development Rights.” *Urban Studies* 41(2): 463-79.

## **Thurs, June 8: Shrinking Cities**

*Assigned Readings:*

- Lee, Timothy B. November 28, 2016. “Economists are underestimating the costs of letting small Rust Belt cities shrink”. [Vox](#).
- Stone, Lyman (2016). “What Happened to Atlantic City?” [Medium](#).

*Supplementary Readings:*

- Glaeser, Edward L., and Joseph Gyourko. 2005. “Urban Decline and Durable Housing.” *Journal of Political Economy* 113(2): 345-375.
- Downs, Anthony. 1997. “The Challenge of Our Declining Big Cities.” *Housing Policy Debate* 8(2): 359-408.
- Delken, Ellis. “Happiness in shrinking cities in Germany.” *Journal of Happiness Studies* 9.2 (2008): 213-218.

## **Mon, June 12: Urbanization in the Developing World – East Asia**

China's growth miracle; Singapore

### *Assigned Readings:*

- Mahrotri, Pooja Thakur and Choong, En Han. November 21, 2016. "\$100 Billion Chinese-Made City Near Singapore 'Scares the Hell Out of Everybody'". [Bloomberg](#).

### *Supplementary Readings:*

- Weingast, Barry R. 1995. "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development." *Journal of Law, Economics, and Organization* 11(1): 1-31.
- *The Chinese Mayor* (documentary currently streaming on Netflix)
- Boittin, Margaret, Gregory Distelhorst, and Francis Fukuyama. 2016. "Reassessing the Quality of Government in China." *MIT Sloan School Working Paper* 38.

## **Tues, June 13: Urbanization in the Developing World – India, Latin America, and Africa**

Megacities; urbanization and economic development; slums

### *Assigned Readings:*

- Kaplan, Seth D. (Jan 7, 2014). "What Makes Lagos a Model City". [The New York Times](#).

### *Supplementary Readings:*

- Rajagopalan, Shruti, and Alexander T. Tabarrok (2014). "Lessons from Gurgaon, India's Private City". (video)
- Banerjee, Abhijit V, and Esther Duflo. 2007. "The Economic Lives of the Poor." *Journal of Economic Perspectives* 21(1): 141-67.
- Romer, Paul (2015). "Urbanization Passes the Pritchett Test". [Paul Romer](#).

## **Thurs, June 15: Bonus Day!**

Topics by popular demand

## **Mon, June 19: Wrap Up**

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## **Fri, June 23: Final Exam**

NOTE: Final exam held from 1:30 - 3:30 pm.