

## **Seminar on Regional and Urban Economics**

**Winter semester 2014/15**

**Master seminar**

### **Lecturer**

Dr. Astrid Krenz

### **Objectives**

The seminar is designed for Master students and deals with topics in Regional Economics, Urban Economics and in what is called the “Economic Geography”. By attending the seminar students will receive an overview upon developments in the field. They will learn how to identify, analyze and discuss the relevant literature. Moreover, students will practise their scientific writing and oral presentation skills.

### **Contents**

The seminar covers several topics that bear a spatial focus. We will start with a clarification of the nature and meaning of agglomeration economies. The measurement of agglomeration and further methodological issues will be addressed as well as tendencies for the European Union. Next, we cover aspects of agglomeration, innovation and growth. A further section deals with the interlinkages between trade models and the economic geography. We investigate the city size distribution and explain urban developments in developing countries, transformation countries and China in particular. A further section deals with developments in regional labor markets and spatial inequalities. The course will end with a review of methods in regional economics and advances at the edge of economic geography and the “new new trade theory”.

### **Time and Location**

The seminar will be held on the 5th and 6th of February 2015. An introductory meeting will be held on the 5th of December 2014. I will inform you about the room for the respective meetings in case of acceptance via email, please make sure that you check your emails accordingly.

### **Application and Registration in FlexNow**

The application for the seminar has to be done until the 26th of November 2014. In order to apply you have to send me an email at [astrid.krenz@wiwi.uni-goettingen.de](mailto:astrid.krenz@wiwi.uni-goettingen.de) mentioning the following:

1. Your name, enrollment number, field of study, semester and email-address
2. The first, second and third choice of a seminar topic
3. If you participated in a course of international trade and the respective grade
4. If you participated in the course “Geographical Economics” and the respective grade
5. Other Master seminars you took part in and the respective grade (also mention if you applied for a seminar but did not receive a spot or if you failed a seminar)

Please note that I can only consider your application if all of this information is given in your email. Applications lacking this information will not be considered.

If there are more applicants than available spots, the participants will be selected according to the study regulation of 2013/03/27, §10.

The last date for registration or withdrawing from the course will be the 12th of December 2014.

### **Seminar thesis**

The written seminar thesis has to be submitted (in electronic form, either pdf or doc, and as two printed versions) by the 23rd of January 2015. I will give you further information on how to write a seminar paper (and also for the oral presentations) during the introductory meeting which will be held on the 5th of December 2014. After the introductory meeting I will also arrange individual appointments with the students, where we will discuss the planned structure and focus of your written work.

### **Prerequisites**

Although there are no prerequisites for this seminar, a good knowledge of international trade theory will be helpful. Prior participation in the course “Geographical Economics” is recommended. Furthermore, you will benefit from knowledge in microeconomics, macroeconomics and econometrics.

### **Requirements**

The credits are given for the presentation and for the written paper on the same subject. In the presentation, the students demonstrate their ability to present complex theoretical models and empirical studies. In the paper, students demonstrate their ability to develop a sound research

question based on the literature, to synthesize important findings from both theoretical models and empirical studies and to write a scientific paper that motivates the topic, presents and discusses the main arguments from the relevant theoretical and empirical literature in a concise and structured way, and conclude with a critical assessment of the state of the literature. The written paper should have max. 15 pages +/- 10%. The students have to prepare for a presentation of approximately 30 minutes.

Please note that all meetings are mandatory!

Your written seminar paper will be checked for plagiarism with a special software. Please make sure that you properly control for correct citation, as a detection of plagiarism will lead to expulsion from the course.

### **Grading**

The grade is made up by the seminar paper for 50% and by the oral presentation and seminar discussion for another 50%. Students have to pass both the written seminar paper and the presentation and seminar discussion in order to gain the credit points.

### **Credits**

Upon successful completion of the seminar 6 credit points can be gained.

### **Seminar Topics**

When sending your application by email, please make sure that you tell me your first, second and third choice of a seminar topic. I will allocate the topic to you as best as I can, but of course I cannot guarantee that everyone will receive his or her first choice topic. If two people are choosing the same topic, I will randomly assign the topic to either one of you. Then the second choice topics will be assigned randomly, and so on. Your assigned topic will be communicated during the introductory meeting. If some of you have a desire to change the topic, you might do so with another student in mutual agreement.

Note that the mentioned literature in the following is just serving as a starting point for your own literature research.

#### **1. The nature and sources of agglomeration economies**

- Rosenthal, S.; Strange, W. (2004), Evidence on the nature and sources of agglomeration economies, in Henderson and Thisse (eds), Handbook of Regional and Urban Economics, Vol. 4, Amsterdam, pages 2119/2171.

- Puga, D. (2010), The magnitude and causes of agglomeration economies, *Journal of Regional Science*, Vol. 50, pages 203-219.

## **2. Human capital externalities in a spatial context**

- Glaeser, E. (1999), Learning in cities, *Journal of Urban Economics*, Vol. 46, pages 254-277.
- Moretti, E. (2004), Human capital externalities in cities, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 4, Amsterdam, pages 2243-2291.

## **3. Issues concerning the methodology of measuring agglomeration**

- Ellison, G.; Glaeser, E.; Kerr, W. (2010), What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns, *American Economic Review*, Vol. 100, pages 1195-1213.
- Ellison G.; Glaeser E. (1997), Geographic concentration in US manufacturing industries: A dartboard approach, *Journal of Political Economy*, Vol. 105, pages 889-927.
- Duranton, G.; Overman, H. (2005), Testing for Location Using Micro-Geographic Data, *Review of Economic Studies*, Vol. 72, pages 1077-1106.

## **4. A review of the use of spatial econometric methodology in studies in regional and urban economics**

- Ezcurra, R.; Pascual, P.; Rapun, M. (2006), Regional specialization in the European Union, *Regional Studies*, Vol. 40, pages 601-616.
- Moran, P. (1950), Notes on continuous stochastic phenomena, *Biometrika*, Vol. 37, pages 17-33.

## **5. The spatial distribution of economic activities in the European Union**

- Combes, P.; Overman, H. (2004), The spatial distribution of economic activities in the European Union, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 4, Amsterdam, pages 2845-2909.
- Midelfart-Knarvik, K.; Overman, H.; Redding, S.; Venables, A. (2000), The Location of European Industry, European Commission, Economic Paper 142.

## **6. Knowledge spillovers and the geography of innovation**

- Carlino, G.; Kerr, W. (2014), Agglomeration and Innovation, Harvard Business School, Working Paper 15-007.
- Audretsch, D.; Feldman, M. (2004), Knowledge spillovers and the geography of innovation, in Henderson and Thisse (eds), Handbook of Regional and Urban Economics, Vol. 4, Amsterdam, pages 2713-2739.

## **7. Agglomeration and regional growth**

- Martin, P.; Ottaviano, G. (2001), Growth and agglomeration, *International Economic Review*, Vol. 42, pages 947-968.
- Baldwin, R.; Martin, P. (2004), Agglomeration and regional growth, in Henderson and Thisse (eds), Handbook of Regional and Urban Economics, Vol. 4, Amsterdam, pages 2671-2711.

## **8. Agglomeration and trade**

- Ottaviano, G.; Tabuchi, T.; Thisse, J. (2002), Agglomeration and trade revisited, *International Economic Review*, Vol. 43, pages 409-435.
- Head, K.; Mayer, T. (2004), The empirics of agglomeration and trade, in Henderson and Thisse (eds), Handbook of Regional and Urban Economics, Vol. 4, Amsterdam, pages 2609-2669.

## **9. The evolution of city size distributions**

- Gabaix, X.; Ioannides, Y. (2004), The evolution of city size distributions, in Henderson and Thisse (eds), Handbook of Regional and Urban Economics, Vol. 4, Amsterdam, pages 2341-2378.
- Ioannides, Y.; Overman, H. (2003), Zipf's Law for cities: an empirical examination, *Regional Science and Urban Economics*, Vol. 33, pages 127-137.
- Gabaix, X. (1999), Zipf's Law for cities: an explanation, *Quarterly Journal of Economics*, Vol. 114, pages 739-767.

## **10. Urban and rural poverty in developing countries**

- Montgomerz, M.; Hewett, P. (2005), Urban Poverty and Health in Developing Countries: Household and Neighborhood Effects, *Demography*, Vol. 42, pages 397-425.
- Pernia, E.; Quibria, M. (1999), Poverty in developing countries, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 3, Amsterdam, pages 1865-1934.

### **11. Urbanization and structural transformation**

- Michaels, G.; Rauch, F.; Redding, S. (2012), Urbanization and structural transformation, *Quarterly Journal of Economics*, Vol. 127, pages 535–586.
- Becker, C.; Morrison, A. (1999), Urbanization in transforming economies, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 3, Amsterdam, pages 1673-1790.

### **12. Regional performance in China**

- Zhang, K. (2014), Globalization and regional industrial performance: Evidence from China, *Papers in Regional Science*, Vol. 93, pages 269–280.
- Gao, T. (2004), Regional industrial growth: Evidence from Chinese industries. *Regional Science and Urban Economics*, Vol. 34, pages 101–124.
- Golley, J. (2002), Regional patterns of industrial development during China's economic transition, *Economics of Transition*, Vol. 10, pages 761–801.

### **13. Urban and regional labor markets**

- Crampton, G. (1999), Urban labour markets, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 3, Amsterdam, pages 1499-1557.
- Dao, M. ; Furceri, D. ; Loungani, P. (2014), Regional Labor Market Adjustments in the United States and Europe, IMF working paper No. 14/26.

### **14. Spatial inequality**

- Tan, L.; Zeng, D. (2014), Spatial inequality between developed and developing economies, *Papers in Regional Science*, Vol. 93, pages 229–248.

- Lall, S.; Chakravorty, S. (2005), Industrial Location and Spatial Inequality: Theory and Evidence from India, *Review of Development Economics*, Vol. 9, pages 47-68.
- Ravi, K.; Rapoport, H. (2005), Migration Selectivity and the Evolution of Spatial Inequality, *Journal of Economic Geography*, Vol. 5, pages 43-58.

### **15. A review of methods in regional economics**

- Mills, E.; Nijkamp, P. (1987) Advances in regional economics, in Henderson and Thisse (eds), *Handbook of Regional and Urban Economics*, Vol. 1, Amsterdam, pages 1-17.
- Rey, S. (2000), Integrated Regional Econometric + Input-Output Modelling: Issues and Opportunities, *Papers in Regional Science*, Vol. 79, pages 271-292.

### **16. Advances at the edge of economic geography and the “new new trade theory”**

- Baldwin, R.; Okubo, T. (2011), International Trade, Offshoring, and Heterogeneous Firms, NBER working paper No. 16660.
- Baldwin, R.; Okubo, T. (2006), Heterogeneous firms, agglomeration and economic geography: spatial selection and sorting, *Journal of Economic Geography*, Vol. 6, pages 323-346.
- Eaton J.; Kortum S. (2002), Technology, Geography and Trade, *Econometrica*, Vol. 70.
- Okubo, T.; Picard, P.; Thisse, J. (2010), The Spatial Selection of Heterogeneous Firms, *Journal of International Economics*, Vol. 82, pages 230-237.

### **17. Agglomeration and productivity**

- Ciccone, A. (2002), Agglomeration effects in Europe, *European Economic Review*, 46, pages 213-227.
- Ciccone, A.; Hall, R. (1996), Productivity and the Density of Economic Activity, *American Economic Review* 86, pages 54-70.

### **18. Geography and economic development in a macroeconomic perspective**

- Acemoglu, D.; Johnson, S.; Robinson, J. (2002), Reversal of Fortune : Geography and Institutions in the Making of the Modern World Income Distribution, *Quarterly Journal of Economics*, pages 1231-1294.
- Gallup, J.; Sachs, J.; Mellinger, A. (1998), Geography and Economic Development, NBER Working Paper 6849.
- Acemoglu, D.; Johnson, S.; Robinson, J. (2005), Institutions as a fundamental cause of long-run growth, *Handbook of Economic Growth*, Volume 1A, Elsevier.

### **19. A review of theoretical models in Economic Geography in the aftermath of Krugman**

- Baldwin, R.; Forslid, R.; Martin, P.; Ottaviano, G.; Robert-Nicoud, F. (2003), *Economic Geography and Public Policy*, Princeton University Press.
- Thisse, J. (2010), Towards a unified theory of economic geography and urban economics, *Journal of Regional Science*, 50, pages 281-296.

### **20. Agglomeration and the government**

- Bruelhart, M.; Jarnetti, M.; Schmidheiny, K. (2012), Do agglomeration economies reduce the sensitivity of firm location to tax differentials?, *The Economic Journal*, 122, pages 1069-1093.
- Baldwin, R.; Forslid, R.; Martin, P.; Ottaviano, G.; Robert-Nicoud, F. (2003), *Economic Geography and Public Policy*, Princeton University Press.