

Department of Economics
University of Toronto
ECO3202H1F
Urban and Regional Economics
Fall 2015
Lectures take place on TUESDAY, 11-1

Instructor: Michel Serafinelli

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What is this course about?

This course discusses topics of the economics of cities and regions with an eye to providing a foundation for original empirical research in the area.

Grading

There are several course requirements. First, there will be homework, which can take the form of either referee reports (i.e. short writing exercises based on readings on the syllabus or on other mutually agreed upon papers) or problem sets. Second, there will be a class presentation. Finally, there is also a 5 page paper proposal. You can choose one of two grading schemes:

- Participation, 20%; Homework (4 assignments) 60%. Class Presentation of a recent article in the literature 20%.
- Participation, 20%; Homework (2 assignments) 30%. Class Presentation of a recent article in the literature 20%. Paper proposal (and brief presentation in class of the proposal) 30%.

Students may work on homework assignments and class presentation in pairs.

The second scheme is intended for PhD students and MA planning to apply to the Phd program who wish to do some research on issues related to the economics of cities and regions, the first for other students.

Detailed Course Outline

All books are on course reserve

Note: the list of articles may change throughout the year (for instance because a new article comes out using Canadian data and I consider it interesting for the class) in which case I will make an announcement. All the articles will be available in PDF at the links below, or will be posted on Blackboard.

Empirical Methods

Baum-Snow, Nathaniel, and Fernando Ferreira. "Causal inference in urban and regional economics" in Handbook of Regional and Urban Economics Volume 5, Edited by Gilles Duranton, J. Vernon Henderson and William C. Strange

J. Angrist and S. Pischke, "Mostly Harmless Econometrics". Princeton Press

Cameron and Trivedi's textbook "Microeconometrics: Methods and Applications"

Intro to the Economics of Cities

Moretti 2012. *The New Geography of Jobs* Houghton Mifflin Harcourt.

Localization and Urbanization Economies, and City Size

Serafinelli, Michel "Good Firms, Worker Flows and Local Productivity" University of Toronto WP. Available on my webpage <https://sites.google.com/site/michelserafinelli/>

Rosenthal, S.S., and W.C. Strange. 2003. "Geography, Industrial Organization, and Agglomeration." *Review of Economics and Statistics*, 85(2): 377-393.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00346535/v85i0002/377_gioaa.xml

Greenstone, Michael, Richard Hornbeck, and Enrico Moretti. 2010. "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings." *Journal of Political Economy* 118(3): 536-598.

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/10.1086/653714>

Duranton, G., and D. Puga. 2004. "Micro-foundations of Urban Agglomeration Economies." *Handbook of Regional and Urban Economics*, 4: 2063-2117.

Rosenthal, Stuart and William Strange. 2004. "Evidence on the Nature and Sources of Agglomeration Economies" Chapter 49 in *Handbook of Regional and Urban Economics 4: Cities and Geography*, eds. Vernon Henderson and Jacques-Francois Thisse. Amsterdam: Elsevier, 2004.

Baum-Snow, Nathaniel and Ronni Pavan. 2012. Understanding the city size wage gap. *Review of Economic Studies*, 2012, 79(1): 88-127.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00346527/v79i0001/88_utcswg.xml

Growth: Social and economic determinants of local development

Glaeser (2009) "The Death and Life of Cities," in *Making Cities Work: Prospects and Policies for Urban America* (Robert P. Inman, ed.) Princeton: Princeton University Press, 2009, pp. 22-62

Moretti, Enrico. "Workers education, spillovers, and productivity: Evidence from plant-level production functions." *The American Economic Review* 94.3 (2004): 656-690.

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/3592947>

Moretti, E. 2004. Estimating the Social Return to Higher Education: Evidence from Cross-sectional and Longitudinal Data, *Journal of Econometrics*, 120: 175-212

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/03044076/v121i1-2/175_etsrthflared.xml

Tabellini, Guido. "Culture and institutions: economic development in the regions of Europe." *Journal of the European Economic Association* 8.4 (2010): 677-716.

<http://search.ebscohost.com.myaccess.library.utoronto.ca/login.aspx?direct=true&db=buh&AN=50995486&site=ehost-live>

Saxenian, A. 1994. *Regional Advantage: Culture and Competition in Silicon Valley and Route 128*. Harvard University Press

Piore, M.J. 2009. Conceptualizing the Dynamics of Industrial Districts. In *The Handbook of Industrial Districts*. Cheltenham, Edward Elgar.

Piore, M.J., and C.F. Sabel. 1981. *Italian Small Business Development: Lessons for U.S. Industrial Policy..American Industry in International Competition*. Cornell University Press, John Zysman and Laura Tyson (eds.) <http://dspace.mit.edu/bitstream/handle/1721.1/66634/italiansmallbusi288pior.pdf?se>

Falck, Oliver & Fritsch, Michael & Heblich, Stephan, 2011. "The phantom of the opera: Cultural amenities, human capital, and regional economic growth," *Labour Economics*, Elsevier, vol. 18(6), pages 755-766.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/09275371/v18i0006/755_tpotochcareg.xml

Hellmanzik, Christiane. "Location matters: Estimating cluster premiums for prominent modern artists." *European Economic Review* 54.2 (2010): 199-218

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00142921/v54i0002/199_lmecpfpma.xml

Borowiecki, Karol Jan. "Geographic clustering and productivity: An instrumental variable approach for classical composers." *Journal of Urban Economics* 73.1 (2013): 94-110.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00941190/v73i0001/94_gcapaivafcc.xml

Glaeser, E., Kolko, J., Saiz, A. (2001). "Consumer city". *Journal of Economic Geography* 1, 27-50
http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/14682702/v01i0001/27_cc.xml

Wolfe, David A. *Innovating in Urban Economies: Economic Transformation in Canadian City-Regions*.
University of Toronto Press, 2014.

Wolfe, David A. "21st century cities in Canada: the geography of innovation." Conference Board of Canada,
Toronto. 2009. http://www.mun.ca/harriscentre/Misc/21stCenturyCitiesinCanada_2009_web.pdf

Government and the city

Busso, Matias, Jesse Gregory, and Patrick M. Kline. "Assessing the incidence and efficiency of a prominent place based policy." *American Economic Review*.
<http://myaccess.library.utoronto.ca/login?url=http://search.proquest.com.myaccess.library.utoronto.ca/docview/1322233798?accountid=14771>

Kline, Patrick, and Enrico Moretti. "Local economic development, agglomeration economies and the big push: 100 years of evidence from the Tennessee valley authority." *Forthcoming Quarterly Journal of Economics*
http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00335533/v129i0001/275_ledaeafttva.xml

Local Labour Markets

Equilibrium/ Hedonics / Equalizing Differences

Moretti "Local Labor Markets" in *Handbook of Labor Economics* (forthcoming)

Moretti, Enrico. "Real wage inequality." *American Economic Journal: Applied Economics* 5.1 (2013): 65-103.
<http://myaccess.library.utoronto.ca/login?url=http://search.proquest.com.myaccess.library.utoronto.ca/docview/1266035398?accountid=14771>

Albouy, David "What are Cities Worth? Land Rents, Local Productivity, and the Capitalization of Amenity Values" NBER Working Paper #14981

Albouy, David "The Unequal Geographic Burden of Federal Taxation" in *Journal of Political Economy*,
forthcoming.
<http://www.jstor.org.myaccess.library.utoronto.ca/stable/10.1086/605309>

Krugman "Increasing Returns and Economic Geography", *JPE* (1991)
<http://www.jstor.org.myaccess.library.utoronto.ca/stable/2937739>

Glaeser and Gottlieb "The economics of place making policies" NBER WP 14373
<http://simplelink.library.utoronto.ca/url.cfm/479009>

Edward L. Glaeser and Joseph Gyourko *Urban Decline and Durable Housing*, forthcoming *Journal of Political Economy*, available from <http://post.economics.harvard.edu/faculty/glaeser/papers.html>

Greenstone and Moretti "Bidding for Industrial Plants: Does Winning a Million Dollar Plant Increase Welfare?" available at <http://emlab.berkeley.edu/~moretti/papers.html>

Roback, Jennifer. 1982. "Wages, Rents, and the Quality of Life." *Journal of Political Economy* 90(6):1257-1278.
<http://search.ebscohost.com.myaccess.library.utoronto.ca/login.aspx?direct=true&db=buh&AN=5055536&site=ehost-live>

Chay, Kenneth and Michael Greenstone. 2005. "Does Air Quality Matter? Evidence from the Housing Market." *Journal of Political Economy* 113(2):376-424.
<http://search.ebscohost.com.myaccess.library.utoronto.ca/login.aspx?direct=true&db=buh&AN=16477827&site=ehost-live>

Dynamics

Blanchard, Olivier and Lawrence Katz. 1992. "Regional Evolutions." Brookings Papers on Economic Activity 1992(1):1-75. <http://www.jstor.org.myaccess.library.utoronto.ca/stable/2534556>

Topel, Robert. 1986. "Local Labor Markets." Journal of Political Economy 94(3):111-143. <http://www.jstor.org.myaccess.library.utoronto.ca/stable/1837178>

Labor Mobility

Lewis "Local, Open Economies Within the US: How Do Industries Respond to Immigration?" Philadelphia Fed Working Paper 04-1, December 2003.

<http://www.philadelphiafed.org/research-and-data/publications/working-papers/2004/wp04-1.pdf>

Krugman (2000) "Technology, Trade and factor Prices" Journal of International Economics 50 51-71 (2000) http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00221996/v50i0001/51_ttafp.xml

Card "Immigrant Inflows, Native Outflows and the Local Labor Market Impacts of Higher Immigration" JOLE 19 (2001) <http://www.jstor.org.myaccess.library.utoronto.ca/stable/10.1086/209979>

Borjas, "The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market", QJE 2004.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00335533/v118i0004/1335_tldcidiotlm.xml

Card "The Impact of the Mariel Boatlift on the Miami Labor Market" ILRR (1990)

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/2523702>

Ottaviano, Gianmarco I.P. and Giovanni Peri (2008), "Immigration and National Wages: Clarifying the Theory and the Empirics" National Bureau of Economic Research Working Paper #14188

Raymundo Campos "The Substitutability of Immigrant and Native Labor: Evidence at the Establishment Level" (2009) <http://sites.google.com/site/raycampos/>

Self Selection

Dan Black, Gary Gates, Seth Sanders, and Lowell Taylor "Why Do Gay Men Live in San Francisco?" J of Urban Econ (2002)

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00941190/v51i0001/54_wdgmliif.xml

Borjas "Self-Selection and the Earnings of Immigrants. 77, 4 AER (1987)

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/1814529>

Social Interactions and Neighborhoods

Oreopolous, "The Long-run Consequences of Living in a Poor Neighborhood" Quarterly Journal of Economics, Vol. 118, No. 4, November 2003, pp. 1533 – 1575.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00335533/v118i0004/1533_tlcoliapn.xml

Katz, Kling and Liebman, Moving To Opportunity In Boston: Early Results of a Randomized Mobility Experiment., Quarterly Journal of Economics 116:2 (May 2001), 607-654.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00335533/v116i0002/607_mtoiberoarme.xml

Card, Mas and Rosthein, "Tipping and the Dynamics of Segregation," forthcoming in Quarterly Journal of Economics.

http://resolver.scholarsportal.info.myaccess.library.utoronto.ca/resolve/00335533/v123i0001/177_tatdos.xml

Gregorio Caetano "Estimation of Parental Valuation of School Quality in the U.S."

http://academics.hamilton.edu/economics/home/caetano2_hamilton_paper.pdf

Bayer, Ferreira and McMillan “A Unified Framework for Measuring Preferences for Schools and Neighborhoods”
http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/2014/Bayer_a_unified_framework_for_measuring.pdf?sequence=1

Miscellanea

About me

Born in 1984, European. My favorite Doors song is *When the Music's Over*, and if I could be a moment in a football game, I would be the opening minute of the 1974 Holland vs. Germany WC final. My “idols” include Altiero Spinelli, Albert Camus, Bela Tarr, Marcelo Bielsa, Patti Smith, John Coltrane.

Office Hours/Getting Help

You are encouraged to come to my office hours to discuss the course and how you can improve your understanding of the material. I am also more than happy to talk about PhD apps in Economics (with MA’s students) and about research. Generally, it is best to ask questions in class, after class or in office hours. This would also help in me in order to get to know you better. If you need to reach me outside of class and office hours, however, you can send me an e-mail. Please use your University of Toronto registered email address, otherwise the message may end up in my Spam folder. Please prefix the subject header with [ECO3202H1F] so that I can sort and prioritize your message. I will try to respond to emails promptly, but if you don’t receive a response after 48 hours please resend the email. If your question is one that would be better answered in person, I may ask you to come to office hours (questions that require graphs or equations to answer are probably best held for office hours). If you find you are not getting as much out of the lecture as you feel you should, feel free to e-mail me with suggestions. Also e-mail me if you find an article (either from newspapers or technical journal) that you would like to be discussed in class.

First few weeks

1. Please submit a short letter of introduction of yourself to me (one or two paragraphs will be enough). Include your official name and what you would like to be called, and any other information about yourself that you’d like to share with me. Send it by email or print it and bring it to class.
2. Please make a name card, and bring it to next few classes.

DO’s and DON’Ts

- DO feel completely comfortable participating in class. There really is no such thing as a dumb question.
- DO feel free to disagree with me or students in class (in a respectful manner).
- Please DO NOT use your cell phones. It is distracting for everyone in class, including me.

Academic misconduct:

Copying or plagiarizing or other forms of academic misconduct will not be tolerated. Students caught engaging in these activities will be subject to academic discipline ranging from a mark of zero on an assignment to dismissal from the university, as outlined in the academic handbook.