

Department of Economics
University of Toronto
ECO3202H1F
Urban and Regional Economics

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<https://goo.gl/b5UPjV>

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. Special attention will be devoted to econometric methods, and to building bridges with other fields including (a) labour, (b) political economy, (c) productivity and technology. A large portion of the course deals with the causes and the effects of differences across local labour markets in labour market outcomes, innovation and other economic and socio-institutional variables (e.g. cultural attitudes).

Grading

Participation, 15%; Homework (3 assignments) 60%. Class Presentation of a recent article in the literature 25%.

Homework can take the form of either referee reports (i.e. short writing exercises based on research papers) or problem sets. Students may work on homework assignments and class presentation in pairs.

Detailed Course Outline

NB: For each topic I will discuss a subset of the listed material (announced in advance). Listed material with a “+” sign will most likely be covered in class, at least in part.

All books are on course reserve. 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.

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

+David Card “Model-Based or Design-Based? Competing Approaches in “Empirical Micro” available at <http://davidcard.berkeley.edu/lectures.shtml>

Intro to the Economics of Cities

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

Agglomeration Advantages, and City Size

+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>

+ Nicholas Bloom, Mark Schankerman, John Van Reenen (2013) “Identifying Technology Spillovers and Product Market Rivalry,” *Econometrica*, 81:4.

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.

Ellison, G., E. L. Glaeser, and W. Kerr. 2010. What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns. *American Economic Review*, 3: 1195-1213.

Pierre-Philippe Combes, Laurent Gobillon, 2010 Chapter 5 - The Empirics of Agglomeration Economies, In: Gilles Duranton, J. Vernon Henderson and William C. Strange, Editor(s), *Handbook of Regional and Urban Economics*

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

Baum Snow, 2014 Urban Transport Expansions, Employment Decentralization, and the Spatial Scope of Agglomeration Economies

Download from <https://sites.google.com/site/baumsnow/research>

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

Gathmann, Christina, Ines Helm, and Uta Schönberg. Spillover effects of mass layoffs. Working Paper, University College London, 2016. Available here <https://www.utaschoenberg.com/working-papers>

M.Serafinelli and G.Tabellini "Creativity over time and space". Available on my webpage

<https://sites.google.com/site/michelserafinelli/>

G. Abebe, M. McMillan, M.Serafinelli "Foreign Direct Investment and Knowledge Diffusion in Poor Locations: Evidence from Ethiopia" Available on my webpage <https://sites.google.com/site/michelserafinelli/>

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

Human Capital Spillovers

+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

+Acemoglu, D., Angrist, J., 2000. How large are human capital externalities? Evidence from compulsory schooling laws. *NBER Macro Annual*

+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>

Ciccone, Antonio and Peri, Giovanni. Identifying human capital externalities: Theory with an application to US cities. *Review of Economic Studies*, 73(2):381- 412, 2006.

Place Based Policies, Heterogeneity, and Agglomeration

+Kline "Place Based Policies, Heterogeneity, and Agglomeration" (AER P&P, 2010)

see also the Corrigendum: <http://eml.berkeley.edu/~pkline/papers/corrigendum.pdf>

+Davis, Donald R., and David E. Weinstein. 2002. "Bones, Bombs, and Break Points: The Geography of Economic Activity." *American Economic Review*, 92(5): 1269--89.

+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_ledaefttva.xml

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>

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

Equilibrium in the Local Labour Market/ Hedonics / Equalizing Differences

+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>

+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>

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

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

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>

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>

Culture, Institutions and Regional Economic Outcomes

+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>

+Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica* 78(6), 1863--1903}

Change and Persistence in the Economic Status of Neighborhoods and Cities, In: Gilles Duranton, J. Vernon Henderson and William C. Strange, Editor(s), *Handbook of Regional and Urban Economics* }

Campa, Pamela and Serafinelli, Michel "Politico-economic Regimes and Attitudes: Female Workers under State-socialism" University of Toronto WP. Available on my webpage <https://sites.google.com/site/michelserafinelli/>

Local Labour Market 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 and Self Selection

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_tldcidoiotlm.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

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_wdgmllisf.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 " Neighborhood Sorting and the Valuation of Public School Quality"

Download from <http://www.gregoriocaetano.net/>

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 "idols" include Altiero Spinelli, Patti Smith, Johan Crujiff, John Coltrane, Simone de Beauvoir, Agnes Varda, Fyodor Dostoyevsky.

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

Please consider submitting 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.

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, unless it is necessary (for instance because of family or other important personal needs. In such cases I completely understand). Use of phones is often 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.