Economic Geography

Bruno Barsanetti 1/2025

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Tu and Th, 1:30-3:30 pm, classroom 1129

Goals. This class is an introduction to economic geography. We study economic explanations for the spatial distribution of people and production across space. We consider both large geographic units (e.g. regions or cities) and small units (e.g. blocks within cities). We review key theoretical models, including the Alonso-Muth-Mills monocentric city, the core-periphery model, history versus expectations economies, the Rosen-Roback model, and quantitative spatial models. We present empirical evidence for each model, highlighting natural experiments and useful approaches or data sources. In particular, the class discusses and applies these models and methods to developing-economy settings. The topics in this class include questions in urban economics, development, trade, labor, and economic history.

Grades. The evaluation consists of: (a) class participation (50% of the grade), and (b) presentation of a research proposal (50% of the grade).

Timeline.

1. **Intro: 02/25.** Introduction and stylized facts about economic geography. GIS methods.
2. **Unit 1: 02/27.** The core-periphery model. Historical evidence.
3. **Unit 2: 03/11 and 03/13.** History versus expectations. Evidence of path dependence.
4. **Unit 3: 03/18 and 03/20.** Quantitative spatial models.
5. **Unit 4: 03/25 and 03/27.** The role of cities in economic geography.
6. **Unit 5: 04/01 and 04/03.** The internal geography of cities.
7. **Conclusion: during exam week.** Presentation and discussion of research proposals.

References. Papers highlighted by ** are strongly recommended for class participation.

1. **Introduction and Stylized Facts.**

Krugman (1997). *Development, geography and economic theory.* MIT Press.

** Proost, S., & Thisse, J. F. (2019). What can be learned from spatial economics? *Journal of Economic Literature*, 57(3), 575-643.

Spolaore, E., & Wacziarg, R. (2013). How deep are the roots of economic development?. *Journal of Economic Literature*, 51(2), 325-369.

World Bank. (2008). World development report 2009: Reshaping economic geography. The World Bank.

** Henderson, J. V., Squires, T., Storeygard, A., & Weil, D. (2018). The global distribution of economic activity: nature, history, and the role of trade. *The Quarterly Journal of Economics*, 133(1), 357-406.

2. The Core-Periphery Model.

Algaze, G. (2009). *Ancient Mesopotamia at the dawn of civilization: the evolution of an urban landscape.* University of Chicago Press.

** Flückiger, M., Larch, M., Ludwig, M., & Pascali, L. (2024). The Dawn of Civilization: Metal Trade and the Rise of Hierarchy. *Working paper*.

Forslid, R., & Ottaviano, G. I. (2003). An analytically solvable core-periphery model. *Journal of Economic Geography*, 3(3), 229-240.

** Fujita, M., Krugman, P. R., & Venables, A. (2001). *The Spatial Economy: Cities, Regions, and International Trade.* MIT press, chapter 5: core-periphery.

Krugman, P. (1991). Increasing returns and economic geography. *Journal of Political Economy*, 99(3), 483-499.

Robert-Nicoud, F. (2005). The structure of simple 'New Economic Geography'models (or, On identical twins). *Journal of Economic Geography*, 5(2), 201-234.

3. Path Dependence.

Barsanetti, B. (2021). Cities on pre-Columbian paths. *Journal of Urban Economics*, 122, 103317.

Bleakley, H., & Lin, J. (2012). Portage and path dependence. *The Quarterly Journal of Economics*, 127(2), 587-644.

Cronon, W. (1991). *Nature's Metropolis: Chicago and the Great West.* New York, NY: Norton

** Davis, D. R., & Weinstein, D. E. (2002). Bones, bombs, and break points: the geography of economic activity. *American Economic Review*, 92(5), 1269-1289.

** Lee, S., & Lin, J. (2018). Natural amenities, neighbourhood dynamics, and persistence in the spatial distribution of income. *The Review of Economic Studies*, 85(1), 663-694.

** Lin, J. & Rauch, F. (2022) What future for history dependence in spatial economics? *Regional Science and Urban Economics*.

Krugman, P. (1991). History versus expectations. *The Quarterly Journal of Economics*, 106(2), 651-667.

Matsuyama, K. (1991). Increasing returns, industrialization, and indeterminacy of equilibrium. *The Quarterly Journal of Economics*, 106(2), 617-650.

Siodla, J. (2015). Razing San Francisco: The 1906 disaster as a natural experiment in urban redevelopment. *Journal of Urban Economics*, 89, 48-61.

4. Quantitative Spatial Models.

Allen, T., & Arkolakis, C. (2014). Trade and the Topography of the Spatial Economy. *The Quarterly Journal of Economics*, 129(3), 1085-1140.

Allen, T., & Arkolakis, C. (2023). Economic Activity across Space: A Supply and Demand Approach. Journal of Economic Perspectives, 37(2), 3-28.

** Allen, T., & Arkolakis, C. (2018). Modern spatial economics: a primer. *Working paper*.

** Heblich, S., Redding, S. J., & Sturm, D. M. (2020). The making of the modern metropolis: evidence from London. The Quarterly Journal of Economics, 135(4), 2059-2133.

5. The Role of Cities.

** Chauvin, J. P., Glaeser, E., Ma, Y., & Tobio, K. (2017). What is different about urbanization in rich and poor countries? Cities in Brazil, China, India and the United States. *Journal of Urban Economics*, 98, 17-49.

Greenstone, M., Hornbeck, R., & Moretti, E. (2010). Identifying agglomeration spillovers: Evidence from winners and losers of large plant openings. *Journal of Political Economy*, 118(3), 536-598.

Henderson, J. V. (1974). The sizes and types of cities. *American Economic Review*, 640-656.

** Henderson, J. V., Storeygard, A., & Deichmann, U. (2017). Has climate change driven urbanization in Africa?. *Journal of Development Economics*, 124, 60-82.

Roca, J. D. L., & Puga, D. (2017). Learning by working in big cities. *The Review of Economic Studies*, 84(1), 106-142.

** Venables, A. J. (2017). Breaking into tradables: Urban form and urban function in a developing city. *Journal of Urban Economics*, 100(98), 88-97.

6. The Internal Geography of Cities.

Ahlfeldt, G. M., Baum-Snow, N., & Jedwab, R. (2023). The skyscraper revolution: Global economic development and land savings. *Working paper*.

Bertaud, A., & Renaud, B. (1997). Socialist cities without land markets. *Journal of Urban Economics*, 41(1), 137-151.

** Brueckner, J. K. (1987). The structure of urban equilibria: A unified treatment of the Muth-Mills model. *Handbook of regional and urban economics*, 2(20), 821-845.

** Harari, M. (2020) Cities in Bad Shape: Urban Geometry in India. *American Economic Review.*

Henderson, J. V., Regan, T., & Venables, A. J. (2021). Building the city: from slums to a modern metropolis. *The Review of Economic Studies*, 88(3), 1157-1192.

** Brueckner, J. K., & Selod, H. (2009). A theory of urban squatting and land-tenure formalization in developing countries. *American Economic Journal: Economic Policy*, 1(1), 28-51.