

# intro

adam okulicz-kozaryn

`adam.okulicz.kozaryn@gmail.com`

this version: Monday 22<sup>nd</sup> January, 2018    18:00

## outline

general overview, my approach and policies

this class specifically

some of the things that we will talk about (Blakely and Leigh, 2009, ch1) (O'Sullivan, 2009, ch1)

data

- BARRO, R. (1991): "Economic growth in a cross section of countries," The Quarterly Journal of Economics, 106, 407–443.
- BLAKELY, E. AND N. LEIGH (2009): Planning local economic development: Theory and practice, Sage Publications, Inc.
- EZZATI, M., A. FRIEDMAN, S. KULKARNI, AND C. MURRAY (2008): "The reversal of fortunes: trends in county mortality and cross-county mortality disparities in the United States," PLoS Medicine, 5, e66.
- FLORIDA, R. (2008): Who's your city?, Basic Books.
- FREIDMAN, T. (2005): "The world is flat," New York: Farrar, Straus and Giroux.
- INGLEHART, R. (1997): Modernization and postmodernization: Cultural, economic, and political change in 43 societies, Princeton Univ Pr.
- JACOBS, J. ([1961] 1993): The death and life of great American cities, New York NY: Random House.
- KRISTOF, D. N. (2011): "America's 'primal scream'," New York Times, May 15th.
- LANDES, D. S. (1999): The wealth and poverty of nations: Why some are so rich and some so poor, WW Norton & Company.
- MANKIW, G. (2012): "The progressivity of taxes and transfers," Greg Mankiw's Blog.
- O'SULLIVAN, A. (2009): Urban economics, McGraw-Hill.

PUTNAM, R. D. (2001): Bowling Alone: The Collapse and Revival of American Community, New York, NY: Simon & Schuster.

STIGLITZ, J., A. SEN, AND J. FITOUSSI (2009): "Report by the Commission on the measurement of economic performance and social progress," Available at [www.stiglitz-sen-fitoussi.fr](http://www.stiglitz-sen-fitoussi.fr).

WIRTH, L. (1938): "Urbanism as a Way of Life," American Journal of Sociology, 44, 1–24.

# outline

general overview, my approach and policies

this class specifically

some of the things that we will talk about (Blakely and Leigh, 2009, ch1) (O'Sullivan, 2009, ch1)

data

## about myself

- ◇ psy/soc/geo + “eco” [some of it +alt, anti?]
- ◇ happiness (well-being/quality of life)
- ◇ urban v rural; city v nature
- ◇ inequality, diversity, fractionalization
- ◇ preferences for redistribution
- ◇ cultural, religion, trust
- ◇ economic and political transition in Eastern Europe
- ◇ statistical programming (Stata, Python)

## 2 questions about yourself

- ◇ what do you research?
- ◇ what do you expect from this class?

# publish or perish

- ◇ really the end goal is that you publish
- ◇ so the intermediate goal for this class
  - is that you write a publishable paper
  - extra credit!



# approach

- ◇ applied, data-driven
- ◇ you are encouraged to collaborate (prep for class, ps, paper)
- ◇ free to choose data/topics as long as it is relevant to the class

## recommended/extra/bonus

- ◇ only slides are required and tested/graded
  - but it will be easier to follow if you do additional readings
  - (and they are fun, too)
  - it's virtually impossible to get A without doing readings
- ◇ many materials listed on the syllabus are extra/bonus
- ◇ the idea is that we cover basics in the slides (test with ps, midterm)
- ◇ and you add recommended materials that are of interest to you ...
- ◇ of course, you are welcomed to get materials not listed on the syllabus

## recommended/extra/bonus

- ◇ you will use those additional materials to expand on the basics covered in the class and enhance your paper
- ◇ I expect, especially PhD students, to read some of the recommended materials
- ◇ note that paper and its presentation is about half of the grade and that's where the additional readings matter

## grading/extra credit

- ◇ i will be rather strict about grade scale: you get the grade that your interval indicate  
(see grading table in the syllabus)
- ◇ but there is opportunity for extra credit...e.g.:
  - especially have an early presentation of a book
  - find typos/false statements in class materials
  - tell me about useful course materials: books, datasets, websites, etc...

# outline

general overview, my approach and policies

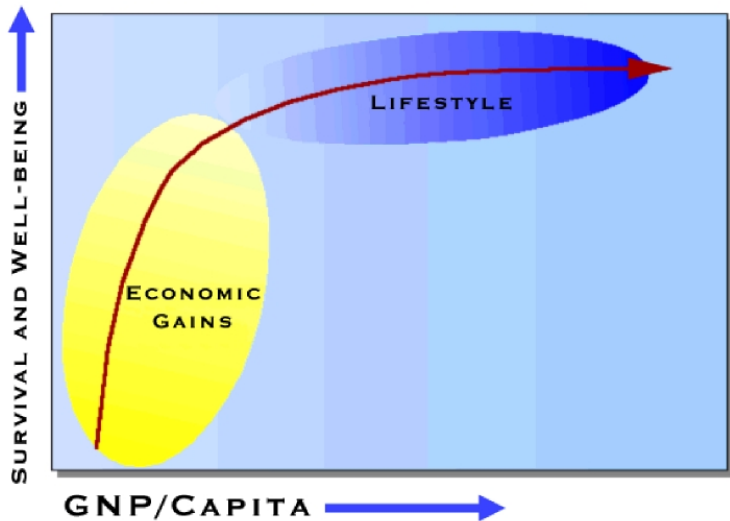
this class specifically

some of the things that we will talk about (Blakely and Leigh, 2009, ch1) (O'Sullivan, 2009, ch1)

data

# Wellbeing and income

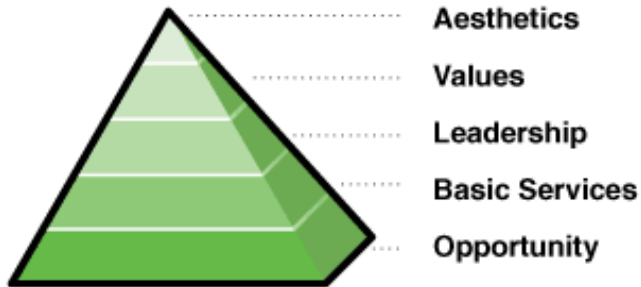
◇ Inglehart (1997)



◇

# Place pyramid

◇ Florida (2008, p 294)



◇

## Maslow's pyramid

- ◇ was meant for personal development but can adapt it for regional development

### ABRAHAM MASLOW HIERARCHY OF NEEDS

Maslow, A. Motivation and  
Personality (2nd ed.)  
Harper & Row, 1970.





## Maslow's pyramid

- ◇ economy first: you need \$\$\$ to get food, shelter, security
- ◇ then you will care about other stuff (e.g. pollution, inequality)
- ◇ don't start from the top
- ◇ yet, don't get stuck at the bottom...

## before and after the midterm

- ◇ before: basics, data, theory, general, economic
- ◇ after: more specific topics and softer, other soc sci than economics
- ◇ more research oriented topics for the paper

## levels

- ◇ we will look at some general theories
- ◇ those are often meant for countries , e.g. (Barro, 1991)
- ◇ but countries are comprised of localities  
(still, keep in mind that not always the whole is a simple sum of parts)  
the so called atomistic and ecological fallacies  
idea is simple:
- ◇ Rutgers is a good university, hence you guys are good students
- ◇ you are good students, hence Rutgers is a good university...

## ecological fallacy

- ◇ it happens when you make conclusions about individual units based on group data
- ◇ e.g. You are on vacation in Hawaii and you meet a person from Camden, NJ
  - and you think: “she must be a criminal”
  - that Camden has the highest crime rate in the U.S. does not mean that everybody in Camden is a criminal
- ◇ now say, you meet a person that graduated from Harvard
  - and you think “she must be a genius”
  - again, just because Harvard is ranked as a best university (U.S. News) does not mean that every Harvard graduate is a genius

## atomistic fallacy

- ◇ an opposite of ecological fallacy
- ◇ making inferences about groups based on individual data
- ◇ e.g. you found that rising individual income reduces risk of coronary heart disease (e.g. people stress out that they are relatively poor, they are missing out...)
- ◇ but it does not mean that increasing incomes of states would decrease coronary disease rate for a state ...
- ◇ [http://www.paho.org/english/dd/ais/be\\_v24n3-multilevel.htm](http://www.paho.org/english/dd/ais/be_v24n3-multilevel.htm)

## general vs specific

- ◇ i will be rather focused on general themes rather than specific
  - less talk about legislation and programs, more about concepts, data, mechanisms, theories
  - in short, more research and hands-on application, less bureaucracy (e.g. laws that change all the time)
- e.g. “creative destruction” is such a general theme
- e.g. “pension plans in NJ” is a specific theme

## development is interdisciplinary

- ◇ economics (traditionally), but not only !  
(even economists start to recognize it) (Stiglitz et al., 2009)
- ◇ business (jobs are key ! for everything, including QOL)
- ◇ city and regional planning
- ◇ demography (e.g. aging population, migration, immigration)
- ◇ public policy
- ◇ political science (e.g. political parties, voting)
- ◇ sociology (e.g. race, discrimination, crime)

# geography

- ◇ regional/local development is, as the adjectives indicate, geographical  
(geographical=spatial)
- ◇ so there will be lots of talk about space, and spatial movement:
  - sub(urbanization)
  - clustering/spatial auto-correlation



## research vs practice

- ◇ i am a researcher, not a practitioner
- ◇ researchers: academics, PhD students...
- ◇ practitioners: are government officers, MPA students
- ◇ there is a big difference between researchers and practitioners
  - yet, practice should be based on research
  - and research should result in improvements of the practice
- ◇ practitioners should read some research
- ◇ researchers should be familiar with the practice...

# outline

general overview, my approach and policies

this class specifically

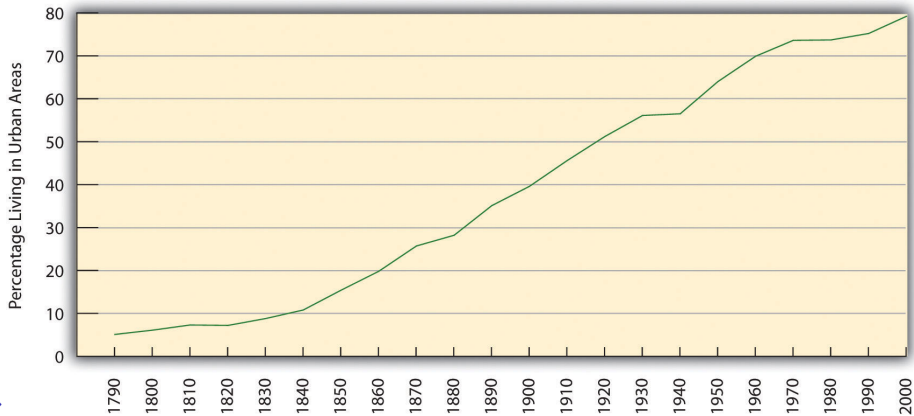
some of the things that we will talk about (Blakely and Leigh, 2009, ch1) (O'Sullivan, 2009, ch1)

data

## place matters to everyone

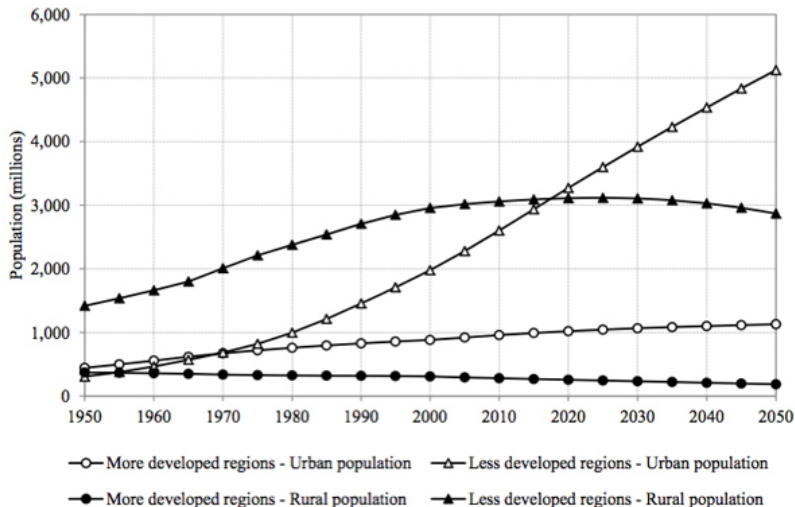
- ◇ we all live in some communities/neighborhoods that are nested in some regions
  - and where we live matters – it affects us
  - eg i have moved from Texas: I am walking, talking and driving faster now...
- ◇ any there are many interesting recent developments that change the way we live (e.g. facebook (e-social capital))

# urbanization in the US



# future of urbanization in the World

Figure I. Urban and rural populations by development group, 1950-2050



## connectedness, segregation

- ◇ high population turnover in cities
- ◇ in v out-group, segregation
- ◇ people segregate themselves into neighborhoods of like minded individuals
- ◇ they listen to the media of their preference (e.g. Fox News vs CNBC)
  - and then they cannot communicate with people of another political preference
- ◇ the middle class is disappearing but also political middle is disappearing

## alienation, lack of trust and social capital

- ◇ social capital is on decline (Putnam, 2001)
- ◇ are cities or suburbs or smaller areas (towns, rural) good for social interaction ?
  - cities in itself may produce alienation (Wirth, 1938) (pop turnover, fast pace, crime, impersonality)
  - yet suburbs may be even worse creating bonding and destroying bridging soc cap (Jacobs, [1961] 1993) (no places to hang out, people do not use streets, just shuttle between work and home and malls in their suv's)

# the world is flat

- ◇ Freidman (2005) argues that it is
  - everybody can “plug in” from anywhere
  - e.g. Amazon Mechanical Turk
- ◇ even large scale manufacturing is not tied to a place anymore
  - the dependence on natural resources is often reduced
  - and it is substituted with mobile knowledge



# the world is spiky

◇ Florida (2008) says it is not flat

- place matters
- e.g. IT innovators are better off in Silicon Valley than in rural Texas

◇ 3 T: Technology, Talent, Tolerance

◇ open, diverse, cool

## creative class (Florida, 2008)

- ◇ economic growth is driven by creative class
  - artists
  - architects
  - engineers

## growing income inequality

- ◇ The 400 wealthiest Americans have a greater combined net worth than the bottom 150 million Americans (Kristof, 2011).
- ◇ On the other hand, the middle quintile of Americans does not pay any effective tax – they receive about as much from the government as they pay in taxes, and the bottom quintile receives from the government even as much as 3\$ for every 1\$ they make (Mankiw, 2012).
- ◇ [http://en.wikipedia.org/wiki/File:United\\_States\\_Income\\_Distribution\\_1947-2007.svg](http://en.wikipedia.org/wiki/File:United_States_Income_Distribution_1947-2007.svg)
- ◇ [http://en.wikipedia.org/wiki/File:US\\_real\\_median\\_household\\_income\\_1967\\_-\\_2010.jpg](http://en.wikipedia.org/wiki/File:US_real_median_household_income_1967_-_2010.jpg)

## health inequality

- ◇ there is also lots of health inequality
- ◇ in the healthiest US counties you may expect to live 80 years
- ◇ in least healthy you may expect to live 60 years !
- ◇ 20 years of difference !
- ◇ and many of those unhealthy counties are not improving and even deteriorating (Ezzati et al., 2008)

## creative destruction

- ◇ Capitalism/market economy can only survive through a process that destroys the old ways and creates a new ones (Blakely and Leigh, 2009, p6)
- ◇ and so the old places are destroyed and new ones are created
  - E.g. 50 years ago Detroit was a place to be with its buzzing economic activity...
  - now it is Silicon Valley...
  - in 20 years it may be Camden, NJ
- ◇ but destruction it is—see David Harvey!

## ecology (Blakely and Leigh, 2009, p24)

- ◇ US has 4% of the world's population but produces over 23% of the  $CO_2$
- ◇ <http://www.ipcc.ch/>
- ◇ e.g. see Krugman NYT, point of no return

[http://www.nytimes.com/2014/05/16/opinion/krugman-points-of-no-return.html?\\_r=0](http://www.nytimes.com/2014/05/16/opinion/krugman-points-of-no-return.html?_r=0)

## public funds are low

- ◇ localities across country struggle with budget
  - unlike the federal government they cannot print money (quantitative easing)
- ◇ still, some spending is better now than later
  - for instance, it is cheaper to fix the roads now instead of later

## notes...

- ◇ again, note that i cite and use url's a lot...
- you are not supposed to look at all of them
- but explore those that interest you



# outline

general overview, my approach and policies

this class specifically

some of the things that we will talk about (Blakely and Leigh, 2009, ch1) (O'Sullivan, 2009, ch1)

data

# data revolution!

- ◇ we have now data revolution
- ◇ we had industrial revolution...  
people moved from farms to factories
- ◇ now people move towards data
- ◇ data data everywhere !

<https://www.emc.com/collateral/analyst-reports/ar-the-economist-data-data-everywhere.pdf>

- ◇ yes, in 2012 you can measure everything !

<http://www.icpsr.umich.edu/icpsrweb/ICPSR/ssvd/index.jsp>

try something weird, e.g. “tomato soup”

## few examples

- ◇ <http://www.stateoftheusa.org/blog.php>
- ◇ <http://www.stateoftheusa.org/content/health-measures-for-the-develo.php>
- ◇ <http://www.stateoftheusa.org/content/fbi-report-violent-crime-down.php>
- ◇ <http://www.stateoftheusa.org/content/economy-seen-as-prompting-cohabitation.php>
- ◇ <http://stateoftheusa.org/content/measuring-economic-well-being.php>
- ◇ <http://www.stateoftheusa.org/content/report-hispanics-outlive-other-american.php>

# lots of data

- ◇ there is now lots of measurement projects going on
- ◇ for instance where the recession hit hardest [http://hosted.ap.org/specials/interactives/\\_national/stress\\_index/](http://hosted.ap.org/specials/interactives/_national/stress_index/)
- ◇ email me if you know of any interesting data

## next week

- ◇ we will always end the class by having a quick look at the next class