

Universitat Autònoma de Barcelona  
Facultat d'Economia i Empresa  
Master in Applied Research in Economics and Business

**Geographical Economics**

Academic Year: 2014-2015

Fall Term

Lectures:

Tuesday: 16:30-19:30

Webpage: <http://jroig.com/mareb/index.htm>

Professor : **José Luis Roig Sabaté** (correspondent)  
Office: B3-0114 Departament d'Economia Aplicada  
E-mail: [josepluis.roig@uab.cat](mailto:josepluis.roig@uab.cat)  
Phone: +34935811788.  
Office hours : upon appointment

Professor : **Rosella Nicolini**  
Office: B3-064 Departament d'Economia Aplicada  
E-mail: [rosella.nicolini@uab.cat](mailto:rosella.nicolini@uab.cat)  
Phone: +34935814573.  
Office hours : upon appointment

Lectures: September 30<sup>th</sup>, October 07<sup>th</sup>, 14<sup>th</sup>, 21<sup>st</sup>, 28<sup>th</sup>, November 4<sup>th</sup>, 11<sup>th</sup>, 18<sup>th</sup> 2014.  
Room: Aula seminari A (Facultat d'Economia i Empresa)

Exam schedule: December 05<sup>th</sup> 2014 (16:30-19:30) – Room: TBA

### **Contents**

The aim of this course is to provide a basic set of economic concepts that are broadly used to understand relevant issues in geographical economics.

The course will be structured around two dimensions. In the former, we will discuss a selected number of concepts that are relevant to understand the importance of the geographical dimension in economics, whereas in the latter we will present some applied issues associated with the local development and territorial organization. The format of the course will privilege the discussion and interpretation of applied issues by referring to the modern neoclassical frameworks in the field.

The lectures will be based partly on a textbook and partly on original articles: active participation by students is strongly encouraged.

## **Lecture outlines**

### **PART 1:**

#### **1.1 Introduction: geography and economics**

We present an overview of the course as well as we introduce the basic toolbox for dealing with the topics to be discussed in this course. The focus will be on the understanding of the importance of the geographical dimension in the economic theory and on the definition of externalities.

#### **Main references:**

[1] Brakman, S., Garresten, H., van Marrewijk, Ch (2009): "The New Introduction to Geographical Economics", Cambridge University Press. Chapters: 1 & 2.

[2] Combes, P.Ph., Mayer, Th., Thisse, J.F. (2008): "Geographical Economics", Princeton University Press. Chapters: 1 & 2

## 1.2 The core model of geographical economics

We introduce the theoretical workhorse that emphasizes the main factors driving location decisions. We also explore the conditions yielding the creation of local clusters.

We conclude this section by introducing some basic elements to build empirical exercises for bringing this theoretical framework into data.

### Main references:

[1] Brakman, S., Garresten, H., van Marrewijk, Ch (2009): “The New Introduction to Geographical Economics”, Cambridge University Press. Chapters: 3 & 4.

[2] Combes, P.Ph., Mayer, Th., Thisse, J.F. (2008): “Geographical Economics”, Princeton University Press. Chapters: 3.

## 1.3 The sources of spatial inequality

We overview the importance of the spatial dimension in understanding the creation of spatial inequalities as well as the territorial unbalances.

### Main references:

[1] Brakman, S., Garresten, H., van Marrewijk, Ch (2009): “The New Introduction to Geographical Economics”, Cambridge University Press. Chapter: 8.

[2] Romer, D. (2011): *Advances Macroeconomics*, 4<sup>th</sup> edition, McGraw Hill. Chapters 1, 2 & 4

Further readings will be suggested in class.

## **PART 2:**

### 2.1 Theories and evidence of spatial agglomeration

In this part, the main theories explaining agglomeration of economic activity will be reviewed. We will see how to measure the degree of agglomeration of economic activity as well as the effects of agglomeration on productivity.

### Main references:

[1] Puga, D. (2010) “The magnitude and causes of agglomeration economies”, *Journal of Regional Science*, 50, pp. 203-219.

[2] Combes, P.-P., T. Mayer, and J.-F. Thisse (2008) *Economic Geography*, NJ: Princeton University Press

[3] Rosenthal, S.S. y W.C. Strange (2008) “The micro-empirics of agglomeration economies”, en R.J. Arnott y D.P. McMillen (eds.) *A companion to urban economics*. Blackwell Pub.

[4] Brakman, S., Garresten, H., van Marrewijk, Ch (2009): “The New Introduction to Geographical Economics”, Cambridge University Press. Chapter: 10.

### 2.2. Determinants of local development

In this part we will focus the attention on some of the main determinants of local development: human capital, innovation and entrepreneurship.

### Main references:

[1] Audreetsch, D.B. and M.P. Feldman (2004) “Knowledge spillovers and the geography of innovation”, in Henderson, J.V. and J.-F. Thisse (eds.) *Handbook of Regional and Urban Economics*, Vol. 4, Elsevier B.V.

[2] Fischer, M.M. and P. Nijkamp (2009) “Entrepreneurship and regional development” in Capello, R. and P. Nijkamp (eds.) *Handbook of regional growth and development theories*. Edward Elgar.

[3] Faggian, A. and P. McCann (2009) "Human capital and regional development" in Capello, R. and P. Nijkamp (eds.) *Handbook of regional growth and development theories*. Edward Elgar.

### 2.3 Clusters: strategies for local development

The analysis of clusters has attracted considerable interest over the last decades. Cluster development is now widely viewed as a key pillar of local governmental policy. Different approaches have been developed to explain the existence and functioning of clusters. These different approaches will be reviewed. Also clusters are supposed to have a differential positive effect on innovation, entrepreneurship and labour market performance. We will revise empirical evidence on these aspects.

#### Main references:

[1] Porter, M.E. (2000) "Location, competition, and economic development: local clusters in a global economy", *Economic Development Quarterly*, 14(1), pp. 15-34

[2] Duranton, G., Ph. Martin, Th. Mayer, and F. Mayneris (2010) *The Economics of Clusters. Lessons from the French Experience*. O.U.P.

#### Grading:

In order to pass the exam, each student has to fulfil the following requirements:

- Participating to the in-class activities and get a score of at least 5(/10)
- Turning in the assigned problem sets at the due deadline and get a score (for each individual problem set) at least of 5(/10)
- Turning in the individual research report and get a score at least of 5(/10)
- Participating and passing a final exam with a minimum score of 5(/10)

Grading policy: each instructor is in charge of grading the evaluation material correspondent to his own teaching material according to the policy described below. The research report will be graded jointly. The final grade will be the average of the overall grade of each single part plus the grade of the research report.

#### Part 1 :

(Instructor: Rosella Nicolini)

Relative weight on the overall grade: 50%

1. **In class activity and participation: 5%**
2. **Solve individually a problem set (10%)**. This builds on a mixture of theoretical and applied skills and is aimed to provide further insights about the topics discussed in class.  
Problem set # 1: To be turned in on October 28<sup>th</sup> 2014
3. **Final exam (50%)**: the (written) final exam would consist in questions organized in different subsections tackling the topics discussed in class.  
Date: December 05<sup>th</sup> 2014  
Time: 1h 15.

#### Part 2 :

(Instructor: José Luis Roig Sabaté)

Relative weight on the overall grade: 50%

1. **In class activity and participation: 5%**
2. **Solve individually a problem set (10%)**. This builds on a mixture of theoretical and applied skills and is aimed to provide further insights about the topics discussed in class.  
Problem set # 1: To be turned in on November 25<sup>th</sup> 2014
3. **Final exam (50%)**: the (written) final exam would consist in questions organized in different subsections tackling the topics discussed in class.  
Date: December 05<sup>th</sup> 2014  
Time: 1h 15.

Part 1 & 2:

**Write a research report (35%)** The project should not be more than 10 pages (around 4000 words, double spaced). It has to be a proposal of an original project. It has to address a current or prospective open question in geographical economics. You have to motivate your choice by stating the importance of your idea in the current literature on the bases of the topics discussed in class. It is fundamental to argue the reason(s) this issue is not satisfactorily answered. It is extremely important to be concrete in the formulation of your proposal. Therefore, you need present empirical or applied evidence to endorse your proposal. Finally, you also need to describe the most suitable policy issues to address the question.

\*\*\*This report is due on paper support no later than: **December 05<sup>th</sup> 2014**

**Calendar: provisional schedule**

	<b>Date</b>	<b>Topic</b>
<b>Part 1:</b> Instructor: Rosella Nicolini	<b>September 30<sup>th</sup> 2014</b>	Introduction: geography and economics
	<b>October 7<sup>th</sup> 2014</b>	The core model of geographical economics
	<b>October 14<sup>th</sup> 2014</b>	Geography and inequality
	<b>October 21<sup>st</sup> 2014</b>	The sources of spatial inequality
<b>Part 2 :</b> Instructor : José Luis Roig Sabaté	<b>October 28<sup>th</sup> 2014</b>	Theories and evidence of spatial agglomeration <i>(Turn in problem set #1)</i>
	<b>November 04<sup>th</sup> 2014</b>	Determinants of local development
	<b>November 11<sup>th</sup> 2014</b>	Determinants of local development
	<b>November 18<sup>th</sup> 2014</b>	Clusters
	<b>November 25<sup>th</sup> 2014</b>	<i>(Turn in problem set #2)</i>
	<b>December 05<sup>th</sup> 2014</b>	<b>Final Exam</b> <i>(Turn in the research report)</i>