Spatial Economics (ECON 281)

Spring 2023

Instructor:	Fabian Eckert	Time:	F 5:00 - 7:30
Email:	fpe@ucsd.edu	Place:	ECON300, sometimes Zoom

Course Pages: Please refer to our Canvas site.

Office Hours: After class, or by appointment.

Main References: There are no required textbooks or other books.

Description: This is a graduate second year Ph.D. course in the Trade and Macro sequences (crosslisted). The course provides an introduction to spatial economics. The goal is to enable students to study trade, migration, as well as urban, regional, national, and global growth in a unified spatial general equilibrium framework. In addition to the discussion of the actual content of the class, we will also discuss strategies to get you started on your own research and how to develop a paper from an idea to a finished product.

Course Outline: Here is a rough list of topics and papers the course covers:

- 1. Introduction to Spatial Economics
- 2. The Workhorse Spatial Economics Model (QSE)
 - (a) Redding and Rossi-Hansberg. 2017. Quantitative Spatial Economics, Annual Review of Economics.
 - (b) Allen and Arkolakis. 2014. "Trade and the Topography of the Spatial Economy," Quarterly Journal of Economics. of Economics.
 - (c) Redding. 2016. "Goods Trade, Factor Mobility and Welfare," Journal of International Economics
 - (d) Krugman 1991. "Increasing Returns and Economic Geography," Journal of Political Economy.
- 3. Sorting, Migration, and Location Decisions
 - (a) Bryan and Morten. 2019. "The Aggregate Productivity Effects of Internal Migration: Evidence from Indonesia," Journal of Political Economy.
 - (b) Behrens, et al. 2014. "Productive Cities: Sorting, Selection, and Agglomeration," Journal of Political Economy.
- 4. Labor Markets Frictions and Dynamic Adjustments
 - (a) Caliendo, et al. 2019. "Trade and Labor Market Dynamics," Econometrica
 - (b) Kuhn, Manovskii, Qiu, 2022, "The Geography of Job Creation and Job Destruction," Working Paper
 - (c) Bilal, 2022, "The Georgraphy of Unemployment," Working Paper
- 5. Firm and Plant Location Across Space
 - (a) Gaubert. 2018. "Firm Sorting and Agglomeration" American Economic Review.
 - (b) Eckert, Ganapati, Walsh, 2022, "Urban-Biased Growth", working paper
 - (c) Hsieh and Rossi-Hansberg. 2021. "The Industrial Revolution in Services," working paper.

- 6. Spatial Growth
 - (a) Eckert, Peters, 2022, "Spatial Structural Change," Working Paper
 - (b) Peters, 2021, "Market Size and Spatial Growth," Econometrica
 - (c) Desmet and Rossi-Hansberg. 2014. "Spatial Development," American Economic Review.
- 7. Capital in Space
 - (a) Greaney, 2022, "The Distributional Effects of Uneven Regional Growth," working paper
 - (b) Desmet, et al. 2018. "The Geography of Development," Journal of Political Economy
 - (c) Kleinman, et al. 2021. "Dynamic Spatial General Equilibrium," working paper.
- 8. Transportation Networks
 - (a) Fajgelbaum and Schaal, 2020, "Optimal Transport Networks in Spatial Equilibrium," Econometrica.
 - (b) Allen and Arkolakis, 2021, "The welfare effects of Transportation Infrastructure Improvements," forthcoming in the Review of Economic Studies.
- 9. Spatial Misallocation
 - (a) Hsieh Moretti, "Housing Constraints and Spatial Misallocation," AEJ Macro
 - (b) Fajgelbaum et al. 2019. "State Taxes and Spatial Misallocation," Review of Economic Studies Studies.
- 10. Path Dependence
 - (a) Bleakley, Lin, 2012 "Portage and Path Dependence", Quarterly Journal of Economics
 - (b) Allen and Donaldson. 2020. "Persistence and Path Dependence in the Spatial Economy," working paper.
- 11. Optimal Spatial Policy
 - (a) Fajgelbaum and Gaubert. 2020. "Optimal Spatial Policies, Geography, and Sorting," Quarterly Journal of Economics.
 - (b) Rossi-Hansberg, et al. 2021. "Cognitive Hubs and Spatial Redistribution," working paper.

Structure and Requirements: This is an advanced class, with an aim to critically evaluate existing research and to build on existing approaches to formulate your own research. To prepare you for this journey, the class will be structured in the following way:

- 1. Each class will consist of about two papers which I will circulate the week before. It is essential that you read this paper before class so that you can follow the discussion.
- 2. In addition, each week for one of the readings I ask you to prepare four slides with the following content: (1) What is the question of the paper, how is it motivated and what is the answer? (2) What did you like about this paper? (3) What did you not like about this paper? (4) If you had to build on this paper, where would go from there? Submit your slides via Email by Thursday 6pm. In each class I will call one of your randomly to present your slides.
- 3. Throughout the class, make it a habit to keep a running list of possible research topics. In the last class, we will discuss your proposals. These presentations will be short (about 10 min) and should focus on what is the key question you want to answer and you hope to do so. Ideally, this presentation serves as a plan for your summer, where you should be starting to work on your research.

- 4. I will also give you one or two longer problem sets during the quarter in the first non-paper part of the class. These problem sets will be problem sets that involve coding and calibrating the workhorse spatial model.
- 5. Active participation and reading is necessary to succeed in the course. Participation includes attending class religiously.

Grading:

25% Problem Sets.25% Slides.25% Presentation.

25% Participation.