Topics in Macroeconomics VI: Cities and the Geography of Growth

2017-2018 Academic Year
Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Macroeconomics VI
- Code: 32085
- Total credits: 3 ECTS
- Workload: 75 hours
- Type of subject: Elective
- Term: 3rd
- Department of Economics and Business
- Teaching team: Dávid Nagy and Giacomo Ponzetto
2. Teaching guide

○ Introduction

As a continuation of “Topics in Macroeconomics IV: Agglomeration and Economic Geography,” the objective of this course is to introduce the students to further active research areas in economic geography. We will study a set of models and tools that are commonly used in the field, and we will cover recent papers, both theoretical and empirical. The assignments for the course are intended to foster engagement with the current research frontier and to stimulate creative thinking about the students' own research projects.

○ Contents

We continue studying the spatial distribution of economic activity in a world in which labor is mobile across locations. In this course, we focus specifically on cities and the geographic patterns and determinants of economic growth. Looking at cities, we will study the problem of workers’ choices of their residential and workplace locations, as well as the sorting of different skill groups within and across cities. Next, we will argue that cities act as engines of economic growth by hosting the accumulation of human capital, innovation and entrepreneurship. Finally, we will study structural quantitative models of growth across space.

○ Assessment and Grading System

The system of grading is the same as in “Topics in Macroeconomics IV.” That is, there are two requirements:

1) There will be graded problem sets, with a combination of theoretical and empirical exercises. Problem sets are intended to help students get familiar with the course material.

2) One week after the last class, each student must submit a final project. The project should be around 6 and no more than 10 pages long and can be any of the following:
   a. The proposal for an original paper.
   b. A sufficiently challenging extension of an existing model or replication of an existing empirical analysis, which might become the basis of a paper.
   c. A critical survey of the literature on a specific topic that was not extensively covered in class.
   d. Referee reports on two important articles published in the last few years.

Any of the projects must be discussed beforehand with the teachers.

The problem sets (1) and active participation to classroom discussion will count for 30% of the final grade, and the final project (2) will count for the remaining 70%. Grading will take into account that projects belonging to types (a) and (b) are more challenging than those of types (c) and (d).
3. Programme of activities

- Description of the subject: Topics in Macroeconomics VI: Cities and the Geography of Growth
- Total credits: 3 ECTS  Total number of hours: 20
- Estimated time spent on the subject: 75
  - In the classroom: 20
  - Outside the classroom: 55

The following outline sketches the topics covered in the course. Required readings are marked by a star. The reading list is subject to changes before and during the class.

**Residential and Workplace Choice in Cities (Nagy)**


**The Geography of Skills (Nagy)**


**Human Capital (Ponzetto)**


**Innovation and Entrepreneurship (Ponzetto)**


**The Geography of Growth (Nagy)**


