

## Elective course in the area **Advanced Economics**

### **Regional & Urban Economics**

Teaching Load

2,5 hours per week

Kind of course

Elective in Master Programme

ECTS Credit Points

5 = 150 hours

Lecture:

- 37,5 hours = 15 x 2,5 SWS

Self-study:

- 112,5 hours
  - 20,5 hours: Term Paper
  - 62,5 hours: Required readings
  - 30,5 hours: Additional Readings

Lecturer

Prof. Dr. Wiebke Störmann

Course objective and Learning Outcomes

Students are introduced to micro- and macroeconomic theories and methods for the analysis of regional development. The course emphasizes problems concerning regional disparities. Students familiarize themselves with theories explaining regional differences in the economic performance and options for regional policies. In the empirical part students compare and evaluate regional policies in developed and less developed countries.

#### **The students learn:**

- to understand the reasons for the existing regional economic disparities in several OECD countries
- to understand the reasons for convergence and divergence
- to use micro- and macroeconomic theories including evolutionary and institutional approaches to explain convergence and divergence
- to utilize information on regional economic performance from a range of different sources referring to developed and developing countries and transition economies
- to understand the policies that have been employed in an attempt to narrow the economic gap between regions in

different parts of the world

- to evaluate the success of regional development strategies

Topics

### **1. Introduction**

1. What Urban and Regional Economics is about
2. Contemporary Patterns of Regional Change

### **2. The Spatial Structure of the Urban Economy**

3. The von Thünen Model
4. The Bid-Rent Model for a Firm
5. The Bid-Rent Model for a Residential Household
6. Non-monocentric Cities
7. City Sizes
8. Empirical Studies on the Housing Market

### **3. Urban Hierarchies and Central Place Theory**

1. The Christaller Model
2. The Lösch Model
3. The Rank-Size Rule
4. Impacts for Regional Policy

### **4. Industrial Location**

1. The Weber Location-Production Model
2. The Moses Location Production Model
3. Behavioural Theories of the Firm

### **5. Regional Specialization and Trade**

1. Neoclassical Theory of Factor Allocation
2. Neoclassical Trade Theory
3. New Economic Geography
4. The Economic Base Model

### **6. Regional Analysis Techniques**

1. Export Base Multipliers
2. Input-Output Multipliers
3. Shift and Share techniques

### **7. Regional Growth**

1. The Neoclassical Approach
2. The Evolutionary Approach

### **8. Urban and Regional Economic Policy**

1. Urban Policy

## 2. Regional Policy

### Literature

#### Required readings

- Abdel-Rahman, H. / Anas, A. : Theories of systems of cities, Handbook of Regional and Urban Economics, in: J. V. Henderson & J. F. Thisse (ed.), Handbook of Regional and Urban Economics, ed.1, vol. 4, 2293-2339, 2004.
- Allen, P. M., and M. Sanglier: Dynamic Models of Urban Growth. Journal of Social Biological Structure 1: 265-80, 1978
- Badri, M. A. : Dimensions of Industrial Location Factors: Review and Explanation, Journal of Business and Public Affairs, 1,2, 1-26, 2007.
- Barro, R.J., Sala-i-Martin, X.: "Convergence," Journal of Political Economy 100, 223-251, 1992
- Mc Cann, P.: Urban and Regional Economics, Oxford University Press, New York 2001
- McDonald, J. : William Alonso, Richard Muth, Ressources for the Future, and the Founding of Urban Economics, Journal of the History of Economic Thought, 29 (2007) 1, 67-84.
- Fujita, M.: "Urban Land Use Theory," in Location Theory (Fundamentals of Pure and Applied Economics, Vol.5), Harwood Academic Publishers, 73-149, 1986
- Grossmann, V. / Steger, T. : Growth, Development and Technological Change, IZA Discussion Paper 2558, Januar 2007, Bonn.
- Krugman, P., "Increasing Returns and Economic Geography," Journal of Political Economy 99, 483-499, 1991
- Marcus, M.: What Is the Economic Base of This Place?, Indiana Business Review, Fall 2004, 5-7.
- Palley, T. : Institutionalism and New Trade Theory: Rethinking Comparative Advantage and Trade Policy, Journal of Economic Issues, XLII ( 2008) 1, 195-208.
- Siebert, H.: Locational competition: a neglected paradigm in the international division of labor, The World Economy, 29 (2006) 2, 137-159.

#### Additional readings

- Allen, P. / Sanglier, M.: A Dynamic Model of a Central Place System - II, Geographical Analysis, 13, 2, 149-164, 1981.
- Alonso, W. : A Model of the Urban Land Market: Location and Densities of Dwellings and Business, Diss., Philadelphia, 1960

- Arnott, R.: "Optimal City Size in a Spatial Economy," JUE 6, 65-89, 1979
- Brandeau, M. / Chiu, S.: An overview of representative problems in location research, Management Science, 35, 6, 645-674, 1989
- Chowdhury, D. / Squire, L. : Setting weights for aggregate indices. An application to the commitment to development index and human development index, in: Journal of Development Studies, 42 (2006) 5, S. 761-771
- Cieslik, A. : Location of foreign firms and national border effects: the case of Poland, Tijdschrift voor Economische en Sociale Geografie, 96 ( 2005) 3, 287-297.
- Drezner, Z., Klamroth, K., Schöbel, A., Wesolowsky, G.O.: The Weber problem, in Drezner, Z. and Hamacher, H. (Eds.), Facility Location: Applications and Theory, Springer Verlag, Berlin, 1-36, 2002
- Henderson, J.V.: Economic Theory and the Cities, (2nd Edition), Academic Press 1985
- Kanemoto, Y.: "Externalities in Space," in Urban Dynamics and Urban Externalities (Fundamentals of Pure and Applied Economics, Vol.11), Harwood Academic Publishers, 43-103, 1987
- North, D.C.: "Location Theory and Regional Economics Growth," Journal of Political Economy 63, 243-258, 1955
- Portnov, B. / Felsenstein, D.: Measures of Regional Inequality for Small Countries, pp. 47-62 in: Felsenstein, D. / Portnov B. (Hrsg.): Regional Disparities in Small Countries, Heidelberg, 2005.
- Romer, P. : Endogenous technological change, Journal of Political Economy 98 (1990) 5, 71-102.
- Sveikauskas, L.: "The Productivity of Cities," Quarterly Journal of Economics 89, 393-413, 1975
- Tiebout, C.M.: "Exports and Regional Economic Growth," Journal of Political Economy 64, April 1956, 160-164, 1956
- Vickerman, R.E. (ed.): Infrastructure and Regional Development, Pion, London 1991
- Weidlich, W. / Haag, G. (Hrsg.): Interregional Migration. Dynamic Theory and Comparative Analysis, Berlin u.a. 1988.

#### Teaching Methods

- The material is presented through lectures, examples, readings, students' presentations and problems
- Discussion

Grading	<ul style="list-style-type: none"><li>➤ Interactive revision at the beginning of each course</li><li>➤ Questions during the course</li><li>➤ Preparation of presentations (Summary)</li><li>➤ Case studies (20 % of the grade)</li><li>➤ Final exam (80 % of the grade)</li></ul>
Language of Instruction	English