REAL 946 – **Advanced Topics in Urban Economics**

Friday 1.30-4.10, Room: JMH304

**Instructor:** Gilles Duranton  
Room: SHDH 1467.  
Email: duranton@wharton.upenn.edu  
Web: [https://real-estate.wharton.upenn.edu/profile/21470/](https://real-estate.wharton.upenn.edu/profile/21470/)  
Office hours: Fridays 16.30-18.00

**Objectives:** This course will explore a range of topics related to current research in urban and regional economics: the modelling and estimation of agglomeration economies; the costs of cities and their internal structure with emphasis on land use regulations and transportation; amenities and the local supply of labour; the sizes and functions of cities. Both theory and empirics will be covered. Special attention will be devoted to building bridges with other fields including labour, international, public, IO, and development.
General issues:

1. This course hopes to achieve several objectives:
   - Provide you with substantive knowledge about the economics of cities and regions.
   - Foster your technical knowledge about a number of modelling aspects, econometrics techniques, and the link between the two.
   - Make you think critically (and hopefully creatively) about existing research.
   - Improve your ability to present complex research output in a clear and synthetic way.

2. The course builds on standard microeconomic theory (adapted to the complications introduced by space) and econometrics. Familiarity with standard first year microeconomics and empirical methods will be assumed. Given the range of problems that urban and regional economists face, no single empirical approach is expected to fully dominate.

3. The assessment will be made of:
   - One mid-term report for a research proposal (15%) due February 8 (week 5)
     [[Maximum 5 double spaced pages -- See below]]
   - One "data" assignment (15%) due February 22 (week 7)
     [[Objective: to replicate the main results of a published paper]]
   - One critical evaluation of a paper (20%) due March 15 (week 10)
     [[Maximum 5 double spaced pages]]
   - One final report for a research proposal (35%) due at the end of term
     [[Establish a research question, briefly survey the relevant literature, discuss possible existing data to analyse the question, provide a research design and critically comment it. Preliminary data analysis may also be provided. Alternatively, research proposals for an applied theory paper are also possible. Research proposals need to be discussed with me beforehand.]]
   - Class participation (15%)
     [[We will discuss one or two papers nearly every week. For each paper, the discussion should be led by one of us. The others are expected to have looked at the paper as well.]]

4. The data assignment and the research proposal will require the use of Stata.

5. Announcements and other related items will be posted on Canvas. Please check frequently and stay up to date with the course. Most course materials (readings and data) will be posted there.

6. Class attendance is fundamental. A lot of what you will learn will be during the class and the class will strongly complement everything else.
Syllabus:

1. Agglomeration: Theory


2. Agglomeration: Empirics

IV:


Quasi-Experiments:


Structural:


Identifying the sources of agglomeration:


- De la Roca, Jorge and Diego Puga. 2012. Learning by working in big cities. Processed, CEMFI.


Background papers:


3. Dispersion: Theory

Background paper:


4. Dispersion: Empirics


Background paper:

5. Local labour supply and amenities: Theory


Background


6. Local labour supply and amenities: Empirics


Background


7. Systems of cities


**Background**


Beyond that we will probably need to make one or two choices among the following themes:

**8. Policy**


Kline, Patrick and Enrico Moretti. 2012. Local economic development, agglomeration economies and the big push: 100 years of evidence from the Tennessee Valley Authority. Processed, University of California Berkeley.


**Background**

9. Transportation


Background


10. Land use regulation


### 11. Measurement


Other possible topics:

- Structural modelling of housing supply (Murphy wp 2010, Brett Epple and Sieg, AER 2010).