

Office: 313B Clark 491-5704  
Economics Department 491-6324  
Office Hours: 2:30 -5:00pm W and by appt.

### Grading

There are three projects – each is 33%.

### **Project I**

1. A paper/presentation on any of the below topics. Alternative topics are welcome.
  - Agglomeration
  - Income Inequality
  - Migration
  - Dynamic Externalities
  - Population/Employment-led growth
  - Calibration/Simulation General Equilibrium Models

Paper – summary of theory, econometric results, and the student runs simulations to explore the hypotheses tested in the literature.

### **Project II**

2. The class will be constructing a CGE model for the state of Colorado. This requires collecting a large amount of data for the state and organizing the data into a Social Accounting Matrix (SAM). Each student will be responsible for collecting a portion of the data
  - Sector-specific Employment and Wage data -
  - Sector-specific capital and land data
  - Tax data – state personal income, sales tax and other important taxes
  - State government expenditures
  - Input-output coefficients and other fixed parameters
  - Household data – distribution, consumption, number of workers per household

Each student will be responsible for individual sets of the above data but the whole class will be responsible for the capital and land data.

## **Project III**

3. Constructing and balancing the SAM
4. Calibrate the CGE model

### Examples of Readings

#### **I. Computable General Equilibrium (CGE) Model**

Cutler, Harvey and Stephen Davies (2007) "The Impact of Specific-Sector Changes in Employment on Economic Growth, Labor Market Performance and Migration," Journal of Regional Science Vol. 47 Issue 5 December:935-63.

#### **II. Dynamic Externalities**

Dekle, Robert (2002), "Industrial Concentration and Regional Growth: Evidence from Prefecturals," *The Review of Economics and Statistics* 84(2) May: 310-15.

Glaeser, Edward, Hedi D. Kallal, Jose A. Scheinkman and Andrei Shleifer (1992) "Growth in Cities," *Journal of Political Economy* Vol. 100 No.6: 1126-1152.

Henderson, Vernon, Ari Kuncoro and Matt Turner (1995), "Industrial Development in Cities," *Journal of Political Economy* Vol. 105 No.5: 1067-1090.

Partridge, Mark and Dan Rickman, (1999), "Static and *Dynamic Externalities*, Industry Composition, and State Labor Productivity: A Panel Study of States," *Southern Economic Journal*, October 1999, v. 66, iss. 2, pp. 319-35

Smith, Pamela J. (1999) "Do Knowledge Spillovers Contribute to U.S. State Output and Growth?" *Journal of Urban Economics* 45: 331-353.

#### **III. Migration**

Greenwood, Michael J. and Gary L. Hunt (1984) "Migration and Interregional Employment Redistribution in the United States," *American Economic Review* Vol. 74, Issue 5 (December): 957-969.

Bartik, Timothy J., 1993. "Who Benefits form Local Job Growth: Migrants or the Original Residents," *Regional Studies* Vol. 27.4: 297-311.

Blanchard, Olivier Jean and Lawrence F. Katz, 1992. "Regional Evolutions," *Brookings Papers On Economic Activity* 1: 1-76.

Schachter, Joseph and Paul Althaus, (1989) "An Equilibrium Model of Gross Migration," *Journal of Regional Science*, v. 29, issue 2, (May): 143-59.

Jeffrey J. Yankow (2003) "Migration, Job Change, and Wage Growth: A New Perspective on the Pecuniary Return to Geographic Mobility," *Journal of Regional Science* 43 (3), 483–516. Volume 43 Issue 3 Page 483-516, August 2003

**CHRISTOPHER A. PISSARIDES and IAN McMASTER** REGIONAL MIGRATION, WAGES AND UNEMPLOYMENT: EMPIRICAL EVIDENCE AND IMPLICATIONS *Oxford Economics Papers* 1990; 42: 812-831

#### **IV. Income Distribution**

Bartik, Timothy J., 1994. "The Effects of Metropolitan Job Growth on the Size Distribution of Family Income," *Journal of Regional Science* Vol. 34 No. 4:483-501.

Levernier, William, Mark D. Partridge and Dan S. Rickman 1998. "Differences in Metropolitan U.S. Family Income Inequality: A Cross County Comparison," *Journal Urban Economics* 44: 272-90.

Nissan, Edward and George Carter, (2001), "Income Inequality in Large U.S. Cities in the 1980s," *RURDS* Vol. 13 No. 1, (March): 62-72.

#### **V. Population and Employment-Led Growth**

Partridge, Mark D. and Dan S. Rickman 2003. "The waxing and waning of regional economies: the chicken-egg question of jobs versus people," *Journal of Urban Economics* 53: 76-97.

Freeman, Donald G. 2001. "Sources of fluctuations in regional growth," *The Annals of Regional Science* 35:249-66.

Mathur, Vijay K. and Frank M. Song 2000. "A labor market based theory of regional Economic development," *The Annals of Regional Science* 34:131-45.

Giesecke, James (2002) "Explaining regional economic performance: An historical application of a dynamic multi-regional CGE Model," *Papers in Regional Science*, 81: 247-278.