Econ 590 Regional Economics
Spring 2018

T, TH 12:00-13:50
123 David Kinley Hall

Instructor: Geoffrey J.D. Hewings
Guest Instructors: Andre Avelino
Yizhou Zhang

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Office Hours: By appointment (set up a meeting after class or via e-mail)

Text:

Webpage: Illinois Compass at https://compass2g.illinois.edu/webapps/login/

Regional Economics focuses on the way in which subnational economies within a country (such as states) operate and function. Attention will be focused on how the regional economy works, its dependence on local and imported goods and services, the role of regional business cycles and the ways in which regions compete. Regional analysis aims to uncover the dynamics of location decision-making of both firms and individuals and the impacts these decisions have on the structure and structural changes of regional economies. Special attention will be directed to issues surrounding the role of households as providers of labor and consumers and the way their location decisions affect the growth and development of regional economies. The final parts of the course will address regional policies and equity-efficiency trade-offs, drawing on analysis in the US, EU and selected developing economies.

Evaluation

There will be a written mid-term and a comprehensive final. In addition, students are expected to complete a paper based on empirical analysis of a regions or regions within a country of their choice. The paper should be viewed as an opportunity to explore more deeply the structure, role and function of regional economies, drawing on published data.

Mid-term: 30%
Final:  50%
Paper: 20%
Instructor

Geoffrey J.D. Hewings has been at Illinois since 1974; he holds appointments in the departments of Agricultural and Consumer Economics, Economics, Geography, Urban & Regional Planning and in the Institute of Government and Public Affairs. In addition, between 1989-2014, he was the Director of the Regional Economics Application Laboratory a unit that focuses on the development and use of models for impacts analysis, forecasting and policy decision-making. Hewings has also worked on urban and regional projects in Bangladesh, Indonesia, Japan, Korea, Canada, Australia, and most recently in Brazil, Chile, and Colombia.

Course Policies:

Disability Services: This course will accommodate students with documented disabilities. Please refer to the Disability Resource Guide (http://www.disability.uiuc.edu/resourceguide) for more information and inform the instructor of any requests at the beginning of the semester.

Academic Integrity: The UIUC Student Code (http://www.admin.uiuc.edu/policy/code) requires all students to support academic integrity and abide by its provisions, which prohibit cheating, fabrication, plagiarism, and facilitation of these and related infractions.
Course Outline

January 16
Introduction: Regional Macroeconomics, Regional Income Analysis, Regional Science, Regional Economics, Economic Geography
Intellectual underpinnings for the course

Reading
Capello: Introduction

January 18, 23, 25, 30
Location Theory from von Thünen to the New Economic Geography

Reading
Capello: Chs. 1, 2 and 3

February 1, 6
Theories of Regional Growth – From Borts & Stein to Barro & Sala-i-Martin
The perfectly competitive regional economy
Role of imperfect competition, agglomeration
Convergence/divergence – multi-level considerations (US, EU, Latin America)

Reading
Capello: Chs 4, 5 and 6

February 8, 15
Modeling the Regional Economy I– Two-sector to Multi-sector Models

Reading
Capello: Ch 5

February 13 (Mid-Term exam)

February 20, 22
Modeling the Regional Economy II– Linked Models – Demo-Economic,

Reading
Capello, Ch 5, 6

February 27, March 1
**From the Circular Flow of Income to CGE models, Spatial CGE, Dynamic Models**

*Reading*
Yizhou Zhang, “Economic impact of the Illinois tax increase on employment and migration,”

March 6
**Equilibrium, Disequilibrium – modeling unexpected events**

*Reading*

March 8, 13
**Regional Labor Markets: Competing Theories and Empirical Applications**

*Reading*
Figueroa: (part of doctoral dissertation – to be posted on website)

March 15, 27
**Demographic Challenges: Migration, Ageing and OLG Modeling, Endogenous Growth, Occupational Challenges**

*Reading*
Capello, ch 10, 11

March 20, 22 Spring Break (no class)

March 29, April 3

**Regional Economic Models: Applications using the REAL Systems**
Forecasting the regional economy
Impact Analysis: environmental accounting
Unraveling the heterogeneity of household demand
Interregional Trade
Environmental Analysis

**Reading**
Kieran P. Donaghy, Clufford R. Wymer, Geoffrey J.D. Hewings and Soo Jung Ha (2017) “Structural change in the Chicago region and the impact on emission inventories in a continuous-time modeling approach,” *Journal of Economic Structures*

April 5, 10
Structural Changes in the Regional Economy: Measurement and Interpretation
Theory
Role of interregional trade: testing the New Economic Geography (US, China, Japan)

Reading

April 12, 17
Regional Business Cycles

Reading

April 19, 24
Regional Development Policy – Growth Poles, Clusters, Smart Specialization, Fiscal Decentralization

Reading
Capello Ch 7, 8

April 26
New Initiatives: Linking Regional Macro Models with Network Systems; Capturing Spillover Effects from Public Investment (SpVAR Modeling)
Regional economic analysis of unexpected events (hurricanes, floods, earthquakes)
Port efficiency and regional development in Brazil
Austerity: Impacts of public investment in BREXIT
Readings
Capello Ch 9, 10, 11

May 1
Paper/Project Presentations

May (date to be confirmed)
Final Examination