Seminar Description
This seminar will survey traditional and more recent explanations of the location, aggregation, and fragmentation of economic activities in space under different assumptions about the mobility of factors, transportation (or more generally, transaction) costs, economies of scale, and the competitiveness of markets. The relationship between theories of trade and location will be considered, as will the effects on spatial economies of policy interventions.

Prerequisites, Work Requirements, and Grading
Prerequisites for this seminar are a good command of introductory calculus and intermediate (or, better still, first-year graduate) microeconomic theory. The work requirements for the seminar will include preparation for and participation in seminar meetings, presentation of one of the assigned readings, a take-home mid-term exam, and either a research paper or a take-home final exam. The weights of each of these requirements in students’ final grades will be, respectively, 10%, 10%, 40%, and 40%.

Academic Integrity
Each student in this seminar is expected to abide by the Cornell University Code of Academic Integrity. (See http://www.cornell.edu/UniversityFaculty/docs/main.html.) Any work submitted by a student in this seminar for academic credit must be the student’s own work.

Recommended Text
The following Text has been ordered from the campus bookstore and is recommended for purchase.


Sequence of Topics and Assigned Readings
Multiple chapters have been assigned from the following texts, which shall be referred to below in abbreviated fashion.


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1 Papers designated for student presentation are indicated by SP.


All assigned readings will be placed on reserve at the Fine Arts Library. Most will be made available on the seminar Blackboard web site. Depth of coverage of material in the seminar will in part reflect interests of seminar participants. For this reason, the dates accompanying the sequence of topics below are given only for the first eight topics and are at best indicative for these topics.

**Please note** that, because the primary instructor will be recuperating from surgery early in the semester, the first seven meetings of the seminar will be led by guest lecturers.

1. **Introduction: Posing the Location and Regional Problem and Some General Theories and Empirical Regularities of Location and the Space-Economy** (January 28th – Seminar meeting to be led by Iwan Azis, Adjunct Professor of Applied Economics and Management, Cornell University.)

   Isard (1956), Chapters 1, 2 and 3.

   Fujita and Thisse (2014), Chapter 1.

2. **The Location of Economic Activities and Spatial Competition I** (February 2nd, 4th, and 9th – Seminar meetings to be led by Professor Azis, and Yuri Mansury, Visiting Associate Professor in City and Regional Planning, Cornell University.)


Isard (1956), Chapters 4, 5 and 6.

Ioannides (2012), Chapters 3 and 4.

3. **Case Studies in Agglomeration** (February 11th – seminar meeting to be led by *Professor Susan Christopherson, City and Regional Planning, Cornell University.*)


4. **Spatial Competition II** (February 18th and 23rd – two seminar meetings to be led by *Professor Emeritus Richard Schuler, Economics and Civil and Environmental Engineering, Cornell University.*)


Isard (1956), Chapter 7.

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2 Indented references are recommended but unassigned readings.
5. **A Spatial Impossibility Theorem and the Breakdown of the Price Mechanism in a Spatial Economy** (February 25th and March 1st)


6. **Land Use and Urbanization** (March 3rd and 8th)

Fujita and Thisse (2014), Chapter 3.


7. **Agglomeration and Optimal City Size** (March 10th and March 15th)

Fujita and Thisse (2014), Chapter 4.


   - Isard (1956), Chapter 8.

8. **Agglomeration and Externalities** (March 17th and 22nd)


9. **Industrial Agglomeration under Monopolistic Competition: The Core-Periphery and Vertical-Integration Models** (March 24th and April 5th)


10. **Aggregate Outcomes and Individual Behaviors** (April 7th and April 9th)


Ioannides (2012), Chapter 2.

11. **The Science of Networks and Urban Structure** (optional topic)

Batty (2013), Chapters 1-3, and 6.

12. **Cities, City Systems, and Industrial Clusters** (optional topic)


Yannis M. Ioannides (2012), Chapter 7.


13. Transaction Costs (optional topic)


14. Fragmentation of Production: Dis-agglomeration (optional topic)


15. Trade Theory and Location Theory (optional topic)


Kristian Behrens, Carl Gaigné, Gianmarco I.P. Ottaviano, and Jacques-François Thisse, “Interregional and International Trade: Seventy Years after Ohlin,” (November 2003), CEPR working paper.


Isard (1956), Chapter 9.