Objectives
In this course we will study the phenomenon of economic agglomeration. We will present the theoretical models of international trade and geographical economics that analyze the mechanisms that explain regional inequalities. We will also study the empirical applications that try to test the theoretical predictions of this literature.

Contents

I  INTRODUCTION: Stylized facts and first approximation to the agglomeration phenomenon


II  THE THEORETICAL MODELS

1. Location theory, classical theory of international trade and the regional development theory.


Lösch, A. (1940): The Economics of Location, Yale University Press, New Haven, CT.


2. Monopolistic competition and “home market effect”.

2.1 The Dixit-Stiglitz model of monopolistic competition


2.2 The Dixit-Stiglitz-Krugman model and the home market effect


3. The core-periphery model


III EMPIRICAL APPLICATIONS

Surveys:


4. Measures and determinants of industrial concentration and regional specialization


5. **Regional wage inequalities**


**Evaluation**

Written exam + one presentation in class of a paper included in the references.

**Handbooks**
