THE EMPIRICS OF ECONOMIC GEOGRAPHY:
HOW TO DRAW POLICY IMPLICATIONS?

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November 2010
The empirics of economic geography: How to draw policy implications?

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October 2010

Abstract: Using both reduced-form and structural approaches, the spectrum of policy recommendations that can be drawn from empirical economic geography is pretty large. Reduced-form approaches allow the researchers to consider many variables that impact on regional disparities, as long as they are careful about interpretation and endogeneity issues. Structural approaches have the opposite advantages. Less issues can be simultaneously addressed, but one can be more precise in terms of which intuitions are considered and the underlying mechanisms and effects at work. Many regional policy issues remain unanswered, opening some interesting future lines of research.

Key words: agglomeration economies, regional policy, structural estimation, instrumental variables

JEL classification: R12, R23

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†Paper prepared for the VII Annual Elsnit Conference hosted by the Kiel Institute for the World Economy, under the sponsorship and co-organisation of the Inter-American Development Bank (IDB), October 2009. Comments from Rolf Langhammer, Elsnit conference participants and a referee were appreciated. The presentation of empirical approaches in economic geography and their limits (sections 2.1 and 3.1) borrows some elements from Combes, Mayer and Thisse, Economic Geography, The Integration of regions and Nations, Princeton University Press, 2008. Financial support from IDB and CNRS is gratefully acknowledged.