

Regional Migration and Regional Development

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This project is devoted to the problems of Russian Economic Geography, a study of allocation of productive resources across the geographical space. Students are welcome to do either theoretical or empirical work in the general areas of Urban and Regional Economics, Labor, Migration and Demography as related to the spatial development. Below are some suggested topics and directions of research. Of course, students are welcome to suggest their own topics of interest.

Industrial location choice

How important is geographic location for entry, exit, and profitability? Among the important factors for entry are the size of the market a firm can serve and the level of competition it faces. Transportation costs decrease the size of potential market, and increase market segmentation. How important are transportation costs in Russian case? Are regional markets segmented, or does the law of one price hold between the regions? How important is home market effect? How important are agglomeration externalities for entry and for productivity? Do high transportation costs limit economic potential of remote regions?

Labor migration

Migration is an important economic phenomenon. Migrants (either interregional or international) move to the places with better economic opportunities and higher quality of life. Migration serves to distribute labor resources to the places where they are needed the most, i.e. improve efficiency in the use of productive resources in spatial dimension. Does interregional labor migration lead to regional economic convergence? If labor is homogeneous, then outflow of workers from the region raises capital-labor ratio and increases labor productivity, thus leading to the convergence in regional per capita incomes. If labor is heterogeneous (say, people differ by the amount of human capital), then interregional migration may increase regional inequality in human capital, productivity and income. (An example is provided by Ostbye and Westerlund, 2007)

Andrienko and Guriev (2004) observed that up to 1/3 of population in Russia may live in poverty traps: people could not move from economically depressed regions because they lack resources to cover the fixed cost of moving. If economic climate in such regions improves and incomes increase, this may, counter to the intuition, lead to the increased migration outflow. Did the increase in real income during the last years break the poverty trap and induce migration outflow from the poorest regions? For majority of the households their residence (a house or an apartment) is the major (if not the only) valuable asset. What is the role of housing market and housing prices in the source and destination regions on migration decisions?

Migration and the legacy of Soviet Union

The spatial structure of Russian economy was inherited from the Soviet Union. Migration is both a corrective instrument and indicator of spatial inefficiencies. A number of positive and normative questions may be considered. Where and why *do* people move? Where *should* people move, from the point of view of the efficient allocation of resources? What are the main factors determining migration flows in Russia now? What policies may be adopted to facilitate the correction of Soviet inefficiencies?

Evolution of Russian urban system

It is an empirical fact that migration is not uniform. People are more likely to migrate locally and from small settlements to the cities of bigger size. Small suburban settlements and satellite cities become the recipients of urban sprawl. Thus, the growth of a city is influenced not only by its own location and economic potential, but also by the spatial interaction with the rest of the urban system. How does such spatial interaction happen? What are the major parameters and factors that determine growth of cities?

Location in a capital city provides additional benefits for economic agents. Among them is being near the political decision-making. Presumably, these informal benefits are larger in the countries with underdeveloped institutions and the rule of law. Ades and Glaeser (1995) found that capital cities are 50% larger in dictatorships. What are the implications of political factors for urban concentration?

Demography and migration

Migrants are not representative of general population. Age is one obvious factor. Young people are more mobile, they move for educational and labor opportunities. Other factors may include ethnicity, language, political preferences, health, and education. How does migration affect demographic composition of Russian regions? Is this effect significant? Do any of these factors affect migration flows or migration decisions?

Some (but not all) relevant papers:

Alberto F. Ades and Edward L. Glaeser "Trade and Circuses: Explaining Urban Giants," *The Quarterly Journal of Economics*, Vol. 110, No. 1, (Feb., 1995)

James E. Anderson and Eric van Wincoop, "Gravity with Gravitas: A Solution to the Border Puzzle," *American Economic Review*, vol. 93(1), pages 170-192, March.

Yuri Andrienko and Sergei Guriev "Determinants of interregional mobility in Russia. Evidence from panel data," *Economics of Transition*, Volume 12 (1) 2004

Olof Aslund, "Now and forever? Initial and subsequent location choices of immigrants," *Regional Science and Urban Economics* 35 (2005) 141– 165

Kristian Behrens a, Jacques-François Thisse, "Regional economics: A new economic geography perspective," *Regional Science and Urban Economics* 37 (2007) 457–465

Mark C. Berger a, Glenn C. Blomquist a,□, Klara Sabirianova Peter, "Compensating differentials in emerging labor and housing markets: Estimates of quality of life in Russian cities," *Journal of Urban Economics* 63 (2008) 25–55

Linda Harris Dobkins and Yannis M. Ioannides, "Spatial Interactions Among U.S. Cities: 1900 — 1990", *Regional Science and Urban Economics*, Elsevier, vol. 31(6),

Guy Dumais, Glenn Ellison, and Edward L. Glaeser, "Geographic Concentration As A Dynamic Process," *The Review of Economics and Statistics*, MAY 2002

Gilles Duranton, "Urban Evolutions: The Fast, the Slow, and the Still," *The American Economic Review*, March 2007, vol. 97 no. 1

Jan Fidrmuc, "Migration and regional adjustment to asymmetric shocks in transition economies," *Journal of Comparative Economics* 32 (2004) 230–247

Ira N. Gang, Robert C. Stuart, "Mobility where mobility is illegal: Internal migration and city growth in the Soviet Union," *Journal of Population Economics* (1999) 12:

Ting Gao, "Regional industrial growth: evidence from Chinese industries," *Regional Science and Urban Economics* 34 (2004) 101– 124

Yannis M. Ioannides and Henry G. Overman, "Spatial Evolution Of The Us Urban System," *Journal of Economic Geography* (2004), Oxford University Press, vol. 4(2),

Franz-Josef Kemper, "Internal Migration in Eastern and Western Germany: Convergence or Divergence of Spatial Trends after Unification?" *Regional Studies*, Vol. 38.6, pp. 659-678. August 2004

Stein Østbye and Olle Westerlund, "Is Migration Important for Regional Convergence? Comparative Evidence for Norwegian and Swedish Counties, 1980-2000," *Regional Studies*, 2007 41:7

Stephen Redding, Anthony J. Venables, "Economic geography and international inequality," *Journal of International Economics* 62 (2004) 53– 82