From Neighborhoods to Nations

The Economics of Social Interactions

Yannis M. Ioannides
CONTENTS

Preface xi

Chapter 1 Introduction 1
  1.1 From Urban Externalities to Urban Interactions 2
  1.2 Economies of Cities and New Economic Geography 6
  1.3 Urban Structure and Growth 8
  1.4 Urban Interactions, Politics, and Urban Design 9
  1.5 Moving Forward 9

Chapter 2 Social Interactions: Theory and Empirics 11
  2.1 Introduction 11
  2.2 A Simple Linear Model 14
  2.3 Endogenous Social Structure 22
  2.4 Nonlinear Models 30
  2.5 Why Experimental Data Can Help 38
  2.6 Endogenous Social Structure Revisited: Dynamics 44
  2.7 Econometrics of Social Interactions in Social Networks 53
  2.8 Spatial Econometrics Models as Social Interactions Models 61
  2.9 Social Learning in Urban Settings 64
  2.10 Conclusions 66
  2.11 Highlights of the Literature and Further Study 67
  2.12 Appendix: Basic Facts of Graph and Network Theory for Social Network Modeling 68
  2.13 Appendix: Survey of Micro Data Sources with Rich Contextual Information 71

Chapter 3 Location Decisions of Individuals and Social Interactions 79
  3.1 Introduction 79
  3.2 Aspatial Models of Location with Social Interactions 82
  3.3 An Exact Solution for Hedonic Prices in a Model of Sorting 88
  3.4 A Discrete Location Problem with Endogenous and Contextual Effects 95
  3.5 Endogenous Neighborhood Choice and Contextual Effects in Housing Decisions 97
  3.6 Spatial Clustering and Demographic Characteristics: Schelling’s Models 115
  3.7 Hierarchical Models of Community Choice with Social Interactions 126
Chapter 4 Location Decisions of Firms and Social Interactions

4.1 Introduction
4.2 Models of Location of Firms
4.3 Location of Firms under Uncertainty
4.4 Testing for Agglomeration
4.5 Other Approaches to Studying Agglomeration Economies
4.6 Empirical Evidence on Urbanization (Jacobs) Externalities: A Look from the Total Factor Productivity of Firms
4.7 The Role of Inputs and Geography in Location Decisions of Firms
4.8 Economic Geography Models for Firms' Location Decisions
4.9 Risk Pooling by Firms in the Urban Economy
4.10 Conclusion

Chapter 5 Social Interactions and Urban Spatial Equilibrium

5.1 Introduction
5.2 Urban Spatial Equilibrium with Social Interactions
5.3 Location Decisions of Firms in Urban Space
5.4 Monocentric versus Polycentric Models of the Urban Economy
5.5 The Lucas–Rossi-Hansberg Models of Urban Spatial Structure with Productive Externalities
5.6 Neighborhood Effects and the Geometry of the Canonical Urban Model
5.7 Transmission of Job-Related Information and Urban Equilibrium
5.8 Choice of Job Matching and Spatial Structure
5.9 Conclusions

Chapter 6 Social Interactions and Human Capital Spillovers

6.1 Introduction
6.2 Spatial Equilibrium
6.3 Spatial Interactions and Spatial Economic Activity
6.4 The Urban Wage Premium and Spatial Equilibrium
6.5 Social Interactions and Human Capital Accumulation
6.6 Social Interactions in Synthetic Neighborhoods
6.7 Conclusions
6.8 Guide to the Literature: Chapters 3–6

Chapter 7 Specialization, Intercity Trade, and Urban Structure

7.1 Introduction
7.2 Empirical Evidence on Urban Specialization and Diversification
Chapter 10 Urban Magic: Concluding Remarks

10.1 Networks, Urban Infrastructure, and Social Interactions

10.2 Graphs and the City

Notes

Bibliography

Index