

## The IER Seminar in Empirical Economics

We would like to invite you to the **Empirical Seminar** series organized by the Institute of Economic Research, Slovak Academy of Sciences, Šancová 56 that will be held in hybrid form (online and at the library of the Institute of Economic Research, Slovak Academy of Sciences). The seminar will take place on **April 25th, 2022 at 11:00 a.m.**

The speaker will be **Charles A. M. de Bartolome** (University of Colorado, Department of Economics, USA).

The topic of the seminar is: ***The Race to the Suburb: The Location of the Poor in a Metropolitan Area***

**Authors:** Charles A. M. de Bartolome – Stephen L. Ross

### **Abstract**

We provide a new explanation for the stylized fact that poor (rich) households are concentrated in the inner city (suburb) of most U.S. metropolitan areas. If the metropolitan area is modelled as a monocentric city, this configuration is predicted only if land-demand is income-elastic – a requirement which is contradicted by recent empirical estimates. We modify the metropolitan area to consist of two jurisdictions, an inner city surrounded by a suburb. Each jurisdiction provides a normal public service. Using numerical simulations, we argue that the pattern of majorities in which the city (suburb) has a majority of poor (rich) households is established because rich households “jump” to the suburb before poor households “spill” into the suburb, and that continuity maintains this configuration. The simulation also explains the “flight to the suburb” and the “gentrification of the inner city” as equilibrium responses to metropolitan population growth, and suggests how the property tax might contribute to “urban sprawl”.

The seminar will be co-chaired by Mária Širaňová.