

Introduction to the special issue on “Public policies, cities and regions”

This special issue follows the “Public Policies, Cities and Regions” workshop organized in December 2017 in Lyon by the urban economics team from GATE (Sylvie Charlot, Pierre-Philippe Combes, Sylvie D.murger, Nelly Exbrayat, Florence Goffette Nagot and Sonia Paty). The event gathered both young and experienced scholars from Europe and North-America to discuss recent advances on the evaluation of public policies in an urban economics context. Nate Baum-Snow and Kurt Schmidheiny were the keynote speakers of this two-day stimulating and friendly event.

This special issue puts together four of the sixteen papers presented during the workshop. These contributions went through a standard refereeing process, and we believe that beyond their intrinsic quality and interest, they collectively illustrate the variety of the themes and methods tackled in our growing field today. The contributions of the special issue all address policy evaluation questions, but in three different areas. First, urban economics and economic geography are from the origin concerned by the unequal spatial distribution of economic activity; quite naturally, urban economists and economic geographers have long tried to understand whether and how regional policies aimed at changing this distribution work. Ramboer and Reynaerts (2020) revisit this question by evaluating a policy that seeks to attract firms and industrial projects in lagging parts of Flanders (Belgium), while Jofre-Monseny et al. (2020) focus on the role of public employment as a tool for spatial redistribution in Spain. Second, local taxation and the provision of public goods have long been studied at the intersection of public and urban economics; Ly and Paty (2020) propose a fresh view on this broad theme by discussing the connection between taxation of capital (firms) and taxation of residents at the local level in France. Finally, the dynamics of housing markets is central to urban economics, since it is key to understand the spatial sorting of people and firms, both within and across cities. Gibbons et al. (2020) evaluate the so-called “bedroom tax” policy in the UK that seeks to reduce under-occupancy in the social housing park by cutting housing benefits to households that have a spare bedroom in their apartment.

This special issue also combines various methodologies used to evaluate regional

policies, from well-know differences-in-differences to model-driven quantitative approaches. Most of the contributions take policy changes as natural experiments to compare by means of standard differences-in-differences a group of “treated” areas or people to a group of non (or less) treated ones. Ramboer and Reynaerts (2020) use a reform of State Aid rules in the EU to evaluate the effect of a long-lasting regional policy in Flanders. Ly and Paty (2020) exploit the implementation of an unexpected reform of the business tax in France, while Gibbons et al. (2020) focus on the introduction of the bedroom tax policy in the UK. Jofre-Monseny et al. (2020) adopt a very different perspective to evaluate the effect of public employment on local labor markets. They first nest a search and matching model featuring public and private employment in a quantitative spatial equilibrium model. They calibrate the model to match the Spanish data, and then simulate the effect of various scenarios of public employment expansion. In a second step, these results are nicely confronted to those obtained from reduced-form IV regressions used to estimate the local impacts of the changes in public employment observed after the advent of democracy. Finally, the four contributions offer a good overview of the various government levels involved in local and regional policies. Gibbons et al. (2020) and Jofre-Monseny et al. (2020) analyze for example the local economic repercussions of national policies and regulations. However, there are often complex interactions between the multiple levels of governments when it comes to the implementation of regional policies. These interactions might be interesting per se, as in Ly and Paty (2020) who investigate how national decisions on the tax base of the business tax affects locally decided tax rates on firms and residents. These interactions sometimes also offer exogenous variations that can be exploited by economists for the evaluation of specific policies; this is the case in Ramboer and Reynaerts (2020) who exploit changes in EU rules regarding the eligibility to nationally-decided regional policies as some kind of instrument for the evaluation of a Flemish regional policy.

By the themes, methodologies and policy designs covered, we hope this special issue will significantly contribute to the advancement of our collective work on the evaluation of the public policies implemented in our cities and regions.

References

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