**UNIVERSITY OF PORTSMOUTH**

**Portsmouth Business School**

**Department of Economics**

**REGIONAL & LOCAL ECONOMIC ANALYSIS UO4735**

**Level 3 Semester 1**

**2004/05**

**Answer ONE question from section A and ONE question from section B**

**USE A SEPARATE ANSWER BOOK for each question**

**Time allowed: 2 hours**

**Unit Coordinator: D Clark**

### Department: Economics

#### SECTION A - ANSWER ONE QUESTION ONLY

EITHER

1. Demonstrate how the decision to locate a major new manufacturing plant in a locality can have an economic impact on a local area far greater than the value of the initial investment.

OR

2. ‘Input-output models provide the ideal analytical instrument by which economists are able to estimate the impact of a major shock to the local economy’.

Discuss, with particular reference to other forms of regional multiplier analysis.

OR

3. What are the main problems with the Kaldor, Thirlwall, Dixon model of regional growth? In your opinion are these criticisms justified?

**SECTION B - ANSWER ONE QUESTION ONLY**

EITHER

4. Explore the main deficiencies of the classical model of inter-regional labour migration and examine how alternative formulations attempt to overcome these deficiencies.

OR

1. ‘If labour markets were perfectly competitive then spatial unemployment disparities would not occur’. Discuss.

OR

6. If Ricardian and Heckscher-Ohlin theorems of regional trade specialisation only explain part of the pattern of regional specialisation, what other alternative theories might be employed to explain a region’s strong competitive advantage in interregional trade? Demonstrate your knowledge of the alternative theories.

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**Re-sit Examination**

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**Unit Coordinator: D Clark**

### Department: Economics

#### SECTION A - ANSWER ONE QUESTION ONLY

EITHER

1. a) Discuss the multiplier process and its strengths and weaknesses

60% of marks

* 1. Give reasons why Type I and Type II multipliers produce different results and suggest why this may be a problem for researchers.

40% of marks

OR

2. Regional econometric models might be a more effective way of analysing the effect of a shock to the local economy than the production of output or employment multipliers.’ – Discuss the above statement.

OR

3 How might the inclusion of technical change inject more realism into the one sector neo-classical regional growth model?

**SECTION B - ANSWER ONE QUESTION ONLY**

EITHER

4. Compare and contrast the classical and human capital models of regional migration, outlining the advantages and disadvantages of each.

OR

5. Explain the phenomena of hidden unemployment, its causes and how it might be detected in a regional/local labour market.

OR

6. With reference to empirical studies what factors are likely to explain the variation in wage flexibility between regions?