**UNIVERSITY OF PORTSMOUTH**

**Portsmouth Business School**

**Department of Economics**

**REGIONAL & LOCAL ECONOMICS U15070**

**Level 3 Semester 2**

**2007/08**

**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

1. ‘The decision to locate a major new manufacturing plant in the City of Portsmouth is bound to have an economic impact on the local economy far greater than the value of the initial investment’.

**Discuss with particular reference to how these impacts might be measured**

1. Compare and contrast the main differences between the neo-classical and export-based approaches to regional economic growth theory?

**In your opinion, which of the two theories offers the most realistic explanation of disparities in regional economic growth? Explain the reasons for your conclusion.**

1. The classical model of inter-regional labour migration is said to be both a poor predictor of actual outcomes and hampered by restrictive assumptions.

**Discuss the validity of these criticisms and examine how alternative formulations might be said to overcome these alleged deficiencies.**

**SECTION B - ANSWER ONE QUESTION ONLY**

1. “An important objective of UK regional policy has been to diversify the economies of the less favoured regions to make them less vulnerable to economic change.” (Wren & Taylor, 1999, Oxford Economic Papers 51, p511).

**Critically evaluate the performance of the main policy instruments used in the UK during the period 1960-1979.**

1. There are two competing hypotheses regarding the type of impact foreign direct investment (FDI) has on UK regional economic performance.

**Critically review the available evidence of the impact of FDI on deprived regions of the UK stating which hypothesis you think is most likely to be correct and why this is so.**

1. The Olympic Games are often described as a transitory hallmark event that brings short-term international participation and attention to the host city, but can have a long-term economic legacy in terms of their regenerative effects.

**Review the evidence to suggest whether or not regenerative effects follow in the wake of major sporting and cultural events.**

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**Re-sit Examination**

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#### SECTION A - ANSWER ONE QUESTION ONLY

1. In two recent studies researchers have used input-output models to show that the impact of defence expenditure permeates through most sectors of the local economy.

**Discuss how input-output models are able to improve on the aggregated outcomes provided by Keynesian multiplier analysis.**

1. Alternatives to the Heckscher-Ohlin Trade Theory are increasingly employed to explain a region’s strong competitive advantage in interregional trade.

**Discuss the merits of these alternative theories.**

1. “….. the real level of slack in the labour market is understated by recorded unemployment” Beatty et al, (2000) A Theory of Employment, Unemployment and Sickness, Regional Studies Vol. 34.7.

**Discuss with reference to hidden unemployment in local labour markets.**

**SECTION B - ANSWER ONE QUESTION ONLY**

1. ‘The UK was not alone in facing serious regional economic problems in the 1960’ and 1970’s’.

**Review and evaluate the operation of regional policy in three OECD countries during the 1960’s and 1970’s, comparing the outcomes with those encountered in the UK.**

1. Advocates of Community Economic Development are split into two main groups those who advocate non-isolation of socially excluded communities (mainstream) and those who advocate more sheltered economic revival (localist).

**Compare and contrast the differences between the two approaches giving relevant examples.**

1. According to the London 2012 Olympic Games bid, winning the games would “*Transform peoples' lives through improving the social, physical and economic landscape in the poorest and most deprived areas of London*”.

**To what extent does the evidence support the suggestion that major sporting events, such as the Olympics, act as a springboard for local economic development?**