**UNIVERSITY OF PORTSMOUTH**

**Portsmouth Business School**

**Department of Economics**

**REGIONAL & LOCAL ECONOMIC ANALYSIS UO4735**

**Level 3 Semester 1**

**2006/07**

**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. ‘The multiplier process is a useful tool which allows the regional economist to demonstrate that the cumulative effect of an injection is far greater than the initial impact’ *Discuss.*

OR

2. 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*.

OR

3. Compare and contrast Classical and Keynesian explanations of regional growth? *In your opinion, which of these is the more realistic?*

**SECTION B - ANSWER ONE QUESTION ONLY**

EITHER

1. ‘The classical theory of inter-regional labour migration is a poor predictor of actual outcomes.’

*Discuss the shortcomings of the classical theory and highlight the improvements that alternative theories might provide.*

OR

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.*

OR

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*.

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**Re-sit Examination**

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**Time allowed: 2 hours**

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### Department: Economics

#### SECTION A - ANSWER ONE QUESTION ONLY

EITHER

1. a) Review the multiplier concept, discuss 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 input-output models are an effective way of analysing the effect of a shock to the local economy’– 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. ‘Ricardian trade theory offers only a partial explanation of regional economic specialisation’

*Discuss, with particular attention to alternative theories that might explain a region’s strong competitive advantage in interregional trade.*