**UNIVERSITY OF PORTSMOUTH**

**Portsmouth Business School**

**Department of Economics**

**REGIONAL & LOCAL ECONOMICS U15070**

**Level 3 Semester 2**

**2008/09**

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

Discuss with reference to hidden unemployment in local labour markets.

***Part 2 continued overleaf/*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).

Critically evaluate the performance of the main policy instruments used in the UK between 1960 and1979.

1. Critically review the available evidence on the impact of foreign direct investment (FDI) on deprived regions of the UK, stating which of the two competing hypotheses regarding the impact of FDI you think is most likely to be correct and why.
2. Review the evidence, and arguments for and against, events such as the Olympics being seen as a springboard for local economic regeneration.

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**Re-sit Examination**

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### 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 far greater economic impact on the local economy 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.

Which offers the most realistic explanation of disparities in regional economic growth?

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 approaches might overcome these deficiencies.

***Part 2 continued overleaf/*SECTION B - ANSWER ONE QUESTION ONLY**

1. ‘The UK was not alone in facing serious regional economic problems in the 196’s and 1970s’.

Review and evaluate the operation of regional policy in two OECD countries during the 1960s and 1970s, comparing the outcomes with those achieved 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. The Olympic Games are often described as a transitory hallmark events that brings short-term international attention to the host city, review the evidence as to whether or not regenerative effects follow in the wake of major sporting and cultural events.