

OLLSCOIL NA hÉIREANN, GAILLIMH
THE NATIONAL UNIVERSITY OF IRELAND, GALWAY

SEMESTER 1 EXAMINATIONS 2000/01

EC383 Regional and Urban Economics

Third Year

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Professor M.J. Keane

Time allowed: TWO hours.

Answer THREE questions.

1. The force of neoclassical convergence has brought about a considerable reduction in regional disparities in European Union countries in the 1990s. However, now its effectiveness appears to be truly exhausted. Discuss how neoclassical convergence is supposed to work and why the mechanisms involved might be now no longer effective.
2. The neoclassical model in Bradfield (*Regional Economics*. Toronto: McGraw-Hill, 1989) suggests that a fairly small set of advantages in the central, i, region requires a substantial wage differential in the peripheral, j, region to permit the existence of the given industry in both regions. Discuss this result and the consequences for growth in region j.
3. There is no single numerical value for the multiplier which can be used for all regions or for all localities – multipliers are region specific or individual project specific. Discuss the type of factors that are likely to influence the size of a multiplier in a given local or regional economy.
4. “In tourism and regional development, the case for intervention arises when private markets fail to provide public, goods, when externalities are created, or when information asymmetries occur. The latter is particularly apposite in the case of rural tourism.” (Fleisher and Felsenstein, 2000. *Support for Rural Tourism*). Discuss their argument.
5. Identify the evaluation issues that are likely to arise when assessing policies directed at generating new employment in disadvantaged regions.
6. In the absence of road pricing, road improvements in congested urban areas may yield low or even negative returns, but with efficient pricing, not only are improvements easy to evaluate, they should also be self-financing, at least if there are constant or diminishing returns to expansion. Discuss. In your discussion briefly consider some of the wider repercussions of road pricing policy.