

Geographical Economics Winter 2012/2013

Assignment #2: Due January 22nd 2013

General information

This problem set MUST be solved individually. Each student MUST turn in the copy of the solution on paper support. Do not forget to identify at the beginning of each page. There are not specific requirements about the format (font, lines etc) of the document students are expected to turn in.

The solution of this assignment MUST be turned in at the beginning of the class. No delay or extra time will be granted. Exercise #1 scores 4 points and exercises #2 and #3 score 3 points each.

1 Exercise #1

Download from the webpage of the course the xls file "Maket potential.xls". Compute the market potential for Lombardia, Baden Württemberg and Catalunya using GDP per-capita data. Then, plot your results in a graph and discuss them.

Turn in a table with the quantitative value of the market potential for each year and each region as well as the graph with the relative discussion.

2 Exercise #2

In the last years, China has been one of the major international sources of FDI all around the world. A big part of those investments are in African countries. Find (empirical) evidence about this issue and argue the reason for such an impressive FDI flows. Write a short report (max 2 pages) and support your argument(s) with data. Please, do not forget to mention your sources. **It is strictly forbidden to refer to pages in wikipedia.**

3 Exercise #3

Download the following article:

F. Alcalà and A. Ciccone (2004): "Trade and Productivity", *Quarterly Journal of Economics*, vol. 119(2), 613-646.

Write a short review (max 3) pages pointing out:

1. The main result(s).
2. The empirical strategy implemented.
3. (Possible) limitations.
4. Potential extension(s) of this contribution.