

Problem Set 1

DUSP 11.481J, 1.284J, ESD.192J, Spring 2005

Due March 1, 2006, 12:00am

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Please answer either Question No. 1 or Question No. 2 using the articles cited with the relevant question.

1. Neo-classical and Alternative Location Theories:

- a. Why do firms locate in given geographic spaces?
- b. Why may modern corporations opt to decentralize their systems of production?

Base your answer upon the following papers:

- i. Paul Krugman. 1995. *Development, Geography, and Economic Theory*. Cambridge, MA: The MIT Press, pp. 31-59.
- ii. Choose any other article listed under Section IIA.

2. Regional Growth and Location Theories

- a. How does innovation affect regional economic growth?
- b. What can we learn from a typology of local economic development?

Base your answer upon the following papers:

- i. Ann Markusen. 1996. "Sticky Places in Slippery Space: A Typology of Industrial Districts," *Economic Geography*. 72(3): 293-313.
- ii. Gilles Duranton and Diego Puga. 2002. "Diversity and Specialization in Cities: Why, Where and When Does It Matter?" In *Industrial Location Economics*, edited by Philip McCann. Edward Elgar, Cheltenham, UK & Northampton MA USA, pp. 151-186.

Write your answer as a complete essay, including an introduction, conclusion, and references, focusing on one or more key issues. In answering the question, be certain to summarize the main relevant arguments in each of the articles, identify the differences between the arguments, and critique either or both articles, making clear your position on the question. We will judge your essay based on an ability to argue your position effectively and on good writing.

You should write the evaluation based on readings we cited above. All of the readings are available in the MIT server or in the books mentioned in the syllabus. You are not expected to refer to readings not on the reading list, but, if you do, please provide a copy of the reading(s) to us. We suggest that you use about nine hours outside of class to read (skim) all required readings in Sections I, IIA, and IIB; then, spend about 10 hours during the next two weeks to review the articles in more depth and to write the critique.

Please provide your name and the names of any students with whom you worked. Each member of the group must submit a separate answer, representing individual thinking. Do not exceed 7 double-spaced typed pages, including references (with at least one-inch margins and no smaller font than 11 cpi). Refer to "Suggestions for Writers" concerning common writing problems.

Note: Points will be deducted for any papers submitted late.