Package 'EconGeo'

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Title Computing Key Indicators of the Spatial Distribution of Economic Activities
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Description Functions to compute a series of indices commonly used in economic geography & urban economics to describe the location, distribution, spatial organization, and complexity of economic activities. Most of the functions use matrix calculus and are based on bipartite (incidence) matrices consisting of region - industry pairs.
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growullist

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Description

This function computes the number of co-occurences between industry pairs from an incidence (industry - event) matrix

Usage

```
co.occurence(mat, diagonal = FALSE, list = FALSE)
```

Arguments

mat An incidence matrix with industries in rows and events in columns

diagonal Logical; shall the values in the diagonal of the co-occurence matrix be included in the output? Defaults to FALSE (values in the diagonal are set to 0), but can

be set to TRUE (values in the diagonal reflects in how many events a single

industry can be found)

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list

Logical; is the input a list? Defaults to FALSE (input = adjacency matrix), but can be set to TRUE if the input is an edge list

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

See Also

```
relatedness, relatedness.density
```

Examples

```
## generate a region - events matrix
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 5)
rownames(mat) <- c ("I1", "I2", "I3", "I4")
colnames(mat) <- c("US1", "US2", "US3", "US4", "US5")
## run the function
co.occurence (mat)
co.occurence (mat, diagonal = TRUE)

## generate a regular data frame (list)
list <- get.list (mat)

## run the function
co.occurence (list, list = TRUE)
co.occurence (list, list = TRUE)</pre>
```

diversity

Compute a simple measure of diversity of regions

Description

This function computes a simple measure of diversity of regions by counting the number of industries in which a region has a relative comparative advantage (location quotient > 1) from regions - industries (incidence) matrices

Usage

```
diversity(mat, RCA = FALSE)
```

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Arguments

mat An incidence matrix with regions in rows and industries in columns

RCA Logical; should the index of relative comparative advantage (RCA - also refered

to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography*, forthcoming

See Also

```
ubiquity, location.quotient
```

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
diversity (mat, RCA = TRUE)

## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
diversity (mat)</pre>
```

 $\verb"ease.recombination"$

Compute the ease of recombination of a given technological class

Description

This function computes the ease of recombination of a given technological class from technological classes - patents (incidence) matrices

Usage

```
ease.recombination(mat, sparse = FALSE)
```

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Arguments

mat A bipartite adjacency matrix (can be a sparse matrix)

sparse Logical; is the input matrix a sparse matrix? Defaults to FALSE, but can be set

to TRUE if the input matrix is a sparse matrix

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Fleming, L. and Sorenson, O. (2001) Technology as a complex adaptive system: evidence from patent data, *Research Policy* **30**: 1019-1039

See Also

```
modular.complexity, TCI, MORt
```

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:1,30,replace=T), ncol = 5)
rownames(mat) <- c ("T1", "T2", "T3", "T4", "T5", "T6")
colnames(mat) <- c ("US1", "US2", "US3", "US4", "US5")

## generate a region - industry sparse matrix
library (Matrix)
smat <- Matrix(mat,sparse=TRUE)

## run the function
modular.complexity (mat)
modular.complexity (smat, sparse = TRUE)</pre>
```

entropy

Compute the Shannon entropy index from regions - industries matrices

Description

This function computes the Shannon entropy index from regions - industries matrices from (incidence) regions - industries matrices

Usage

```
entropy(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

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References

Shannon, C.E., Weaver, W. (1949) *The Mathematical Theory of Communication*. Univ of Illinois Press.

Frenken, K., Van Oort, F. and Verburg, T. (2007) Related variety, unrelated variety and regional economic growth, *Regional studies* **41** (5): 685-697.

See Also

```
diversity
```

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
entropy (mat)</pre>
```

entry.list

Generate a data frame of entry events from multiple regions - industries matrices (same matrix composition for the different periods)

Description

This function generates a data frame of entry events from multiple regions - industries matrices (same matrix composition for the different periods). In this function, the maximum number of periods is limited to 20.

Usage

```
entry.list(mat1, mat2, mat3, mat4, mat5, mat6, mat7, mat8, mat9, mat10, mat11,
    mat12, mat13, mat14, mat15, mat16, mat17, mat18, mat19, mat20)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1 - mandatory)
mat2	An incidence matrix with regions in rows and industries in columns (period 2 -mandatory)
mat	An incidence matrix with regions in rows and industries in columns (period optional)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

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References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
entry, exit, exit.list
```

Examples

```
## generate a first region - industry matrix in which cells represent the presence/absence
## of a RCA (period 1)
set.seed(31)
mat1 <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5") colnames(mat1) <- c ("I1", "I2", "I3", "I4")
## generate a second region - industry matrix in which cells represent the presence/absence
## of a RCA (period 2)
mat2 <- mat1
mat2[3,1] <- 1
## run the function
entry.list (mat1, mat2)
## generate a third region - industry matrix in which cells represent the presence/absence
## of a RCA (period 3)
mat3 <- mat2
mat3[5,2] <- 1
## run the function
entry.list (mat1, mat2, mat3)
## generate a fourth region - industry matrix in which cells represent the presence/absence
## of a RCA (period 4)
mat4 <- mat3
mat4[5,4] <- 1
## run the function
entry.list (mat1, mat2, mat3, mat4)
```

entry.mat

Generate a matrix of entry events from two regions - industries matrices (same matrix composition from two different periods)

Description

This function generates a matrix of entry events from two regions - industries matrices (same matrix composition from two different periods)

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Usage

```
entry.mat(mat1, mat2)
```

Arguments

mat1 An incidence matrix with regions in rows and industries in columns (period 1)
mat2 An incidence matrix with regions in rows and industries in columns (period 2)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
exit, entry.list, exit.list
```

Examples

```
## generate a first region - industry matrix in which cells represent the presence/absence
## of a RCA (period 1)
set.seed(31)
mat1 <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")

## generate a second region - industry matrix in which cells represent the presence/absence
## of a RCA (period 2)
mat2 <- mat1
mat2[3,1] <- 1

## run the function
entry.mat (mat1, mat2)</pre>
```

exit.list

Generate a data frame of exit events from multiple regions - industries matrices (same matrix composition for the different periods)

Description

This function generates a data frame of exit events from multiple regions - industries matrices (same matrix composition for the different periods). In this function, the maximum number of periods is limited to 20.

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Usage

```
exit.list(mat1, mat2, mat3, mat4, mat5, mat6, mat7, mat8, mat9, mat10, mat11, mat12, mat13, mat14, mat15, mat16, mat17, mat18, mat19, mat20)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1 - mandatory)
mat2	An incidence matrix with regions in rows and industries in columns (period 2 - mandatory)
mat	An incidence matrix with regions in rows and industries in columns (period optional)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
entry, exit, entry.list
```

```
## generate a first region - industry matrix in which cells represent the presence/absence
## of a RCA (period 1)
set.seed(31)
mat1 <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5") colnames(mat1) <- c ("I1", "I2", "I3", "I4")
## generate a second region - industry matrix in which cells represent the presence/absence
## of a RCA (period 2)
mat2 <- mat1
mat2[2,1] <- 0
## run the function
exit.list (mat1, mat2)
## generate a third region - industry matrix in which cells represent the presence/absence
## of a RCA (period 3)
mat3 <- mat2
mat3[5,1] <- 0
## run the function
exit.list (mat1, mat2, mat3)
```

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```
## generate a fourth region - industry matrix in which cells represent the presence/absence
## of a RCA (period 4)
mat4 <- mat3
mat4[5,3] <- 0

## run the function
exit.list (mat1, mat2, mat3, mat4)</pre>
```

exit.mat

Generate a matrix of exit events from two regions - industries matrices (same matrix composition from two different periods)

Description

This function generates a matrix of exit events from two regions - industries matrices (same matrix composition from two different periods)

Usage

```
exit.mat(mat1, mat2)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1)
mat2	An incidence matrix with regions in rows and industries in columns (period 2)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
entry, exit.list, entry.list
```

```
## generate a first region - industry matrix in which cells represent the presence/absence
## of a RCA (period 1)
set.seed(31)
mat1 <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")</pre>
```

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```
## generate a second region - industry matrix in which cells represent the presence/absence
## of a RCA (period 2)
mat2 <- mat1
mat2[2,1] <- 0

## run the function
exit.mat (mat1, mat2)</pre>
```

expy

Compute the expy index of regions from regions - industries matrices

Description

This function computes the expy index of regions from (incidence) regions - industries matrices, as proposed by Hausmann, Hwang & Rodrik (2007). The index is a measure of the productivity level associated with a region's specialization pattern.

Usage

```
expy(mat, vec)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

vec A vector that gives GDP, R&D, education or any other relevant regional attribute

that will be used to compute the weighted average for each industry

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balassa, B. (1965) Trade Liberalization and Revealed Comparative Advantage, *The Manchester School* **33**: 99-123

Hausmann, R., Hwang, J. & Rodrik, D. (2007) What you export matters, *Journal of economic growth* **12**: 1-25.

See Also

location.quotient

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## a vector of GDP of regions</pre>
```

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```
vec <- c (5, 10, 15, 25, 50)
## run the function
expy (mat, vec)</pre>
```

get.list

Create regular data frames from regions - industries matrices

Description

This function creates regular data frames with three columns (regions, industries, count) from (incidence) matrices (wide to long format) using the reshape2 package

Usage

```
get.list (data)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns (or the other way around)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

See Also

```
get.matrix
```

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
get.list (mat)</pre>
```

get.matrix

Create regions - industries matrices from regular data frames

Description

This function creates regions - industries (incidence) matrices from regular data frames (long to wide format) using the reshape2 package or the Matrix package

Usage

```
get.matrix (data)
```

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Arguments

data is a data frame with three columns (regions, industries, count)

sparse Logical; shall the returned output be a sparse matrix? Defaults to FALSE, but

can be set to TRUE if the dataset is very large

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

See Also

```
get.list
```

Examples

```
## generate a region - industry data frame
set.seed(31)
region <- c("R1", "R1", "R1", "R2", "R2", "R2", "R3", "R4", "R5")
industry <- c("I1", "I2", "I3", "I4", "I1", "I2", "I1", "I1", "I3")
data <- data.frame (region, industry)
data$count <- 1

## run the function
get.matrix (data)
get.matrix (data, sparse = TRUE)</pre>
```

Gini

Compute the Gini coefficient from regional industrial counts

Description

This function computes the Gini coefficient from regional industrial count. This index gives an indication of the unequal distribution of an industry across regions.

Usage

```
Gini(ind)
```

Arguments

ind

A vector of industrial regional count

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Gini, C. (1921) Measurement of Inequality of Incomes, The Economic Journal 31: 124-126

See Also

```
Hoover.curve
```

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Examples

```
## generate vectors of industrial count
ind <- c(0, 10, 10, 30, 50)
## run the function
Gini (ind)</pre>
```

growth.ind

Generate a matrix of industrial growth by industries from two regions - industries matrices (same matrix composition from two different periods)

Description

This function generates a matrix of industrial growth by industries from two regions - industries matrices (same matrix composition from two different periods)

Usage

```
growth.ind(mat1, mat2)
```

Arguments

mat1 An incidence matrix with regions in rows and industries in columns (period 1)
mat2 An incidence matrix with regions in rows and industries in columns (period 2)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
exit, entry.list, exit.list
```

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")
## generate a second region - industry matrix with full count (period 2)</pre>
```

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```
mat2 <- mat1
mat2[3,1] <- 8
## run the function
growth.ind (mat1, mat2)</pre>
```

growth.list

Generate a data frame of industrial growth in regions from multiple regions - industries matrices (same matrix composition for the different periods)

Description

This function generates a data frame of industrial growth in regions from multiple regions - industries matrices (same matrix composition for the different periods). In this function, the maximum number of periods is limited to 20.

Usage

```
growth.list(mat1, mat2, mat3, mat4, mat5, mat6, mat7, mat8, mat9, mat10, mat11,
    mat12, mat13, mat14, mat15, mat16, mat17, mat18, mat19, mat20)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1 - mandatory)
mat2	An incidence matrix with regions in rows and industries in columns (period 2 - mandatory)
mat	An incidence matrix with regions in rows and industries in columns (period optional)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
growth, exit, exit.list
```

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Examples

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
## generate a second region - industry matrix with full count (period 2)
mat2 <- mat1
mat2[3,1] <- 8
## run the function
growth.list (mat1, mat2)
## generate a third region - industry matrix with full count (period 3)
mat3 <- mat2
mat3[5,2] <- 1
## run the function
growth.list (mat1, mat2, mat3)
## generate a fourth region - industry matrix with full count (period 4)
mat4 <- mat3
mat4[5,4] <- 1
## run the function
growth.list (mat1, mat2, mat3, mat4)
```

 ${\sf growth.list.ind}$

Generate a data frame of industrial growth in regions from multiple regions - industries matrices (same matrix composition for the different periods)

Description

This function generates a data frame of industrial growth in regions from multiple regions - industries matrices (same matrix composition for the different periods). In this function, the maximum number of periods is limited to 20.

Usage

```
growth.list.ind(mat1, mat2, mat3, mat4, mat5, mat6, mat7, mat8, mat9, mat10,
    mat11, mat12, mat13, mat14, mat15, mat16, mat17, mat18, mat19, mat20)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1 -mandatory)
mat2	An incidence matrix with regions in rows and industries in columns (period 2 -mandatory)
mat	An incidence matrix with regions in rows and industries in columns (period optional)

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Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
growth, exit, exit.list
```

Examples

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
rownames(mat1) <- c ("R1", "R2", "R3", "R4",
colnames(mat1) <- c ("I1", "I2", "I3", "I4")</pre>
## generate a second region - industry matrix with full count (period 2)
mat2 <- mat1
mat2[3,1] <- 8
## run the function
growth.list.ind (mat1, mat2)
## generate a third region - industry matrix with full count (period 3)
mat3 <- mat2
mat3[5,2] <- 1
## run the function
growth.list.ind (mat1, mat2, mat3)
## generate a fourth region - industry matrix with full count (period 4)
mat4 <- mat3
mat4[5,4] <- 1
## run the function
growth.list.ind (mat1, mat2, mat3, mat4)
```

 ${\tt growth.list.reg}$

Generate a data frame of region growth from multiple regions - industries matrices (same matrix composition for the different periods)

Description

This function generates a data frame of industrial growth in regions from multiple regions - industries matrices (same matrix composition for the different periods). In this function, the maximum number of periods is limited to 20.

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Usage

```
growth.list.reg(mat1, mat2, mat3, mat4, mat5, mat6, mat7, mat8, mat9, mat10,
    mat11, mat12, mat13, mat14, mat15, mat16, mat17, mat18, mat19, mat20)
```

Arguments

mat1	An incidence matrix with regions in rows and industries in columns (period 1 - mandatory)
mat2	An incidence matrix with regions in rows and industries in columns (period 2 - mandatory)
mat	An incidence matrix with regions in rows and industries in columns (period optional)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
growth, exit, exit.list
```

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5") colnames(mat1) <- c ("I1", "I2", "I3", "I4")
## generate a second region - industry matrix with full count (period 2)
mat2 <- mat1
mat2[3,1] < - 8
## run the function
growth.list.reg (mat1, mat2)
## generate a third region - industry matrix with full count (period 3)
mat3 <- mat2
mat3[5,2] <- 1
## run the function
growth.list.reg (mat1, mat2, mat3)
## generate a fourth region - industry matrix with full count (period 4)
mat4 <- mat3
```

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```
mat4[5,4] <- 1
## run the function
growth.list.reg (mat1, mat2, mat3, mat4)</pre>
```

growth.mat

Generate a matrix of industrial growth in regions from two regions industries matrices (same matrix composition from two different periods)

Description

This function generates a matrix of industrial growth in regions from two regions - industries matrices (same matrix composition from two different periods)

Usage

```
growth.mat(mat1, mat2)
```

Arguments

mat1 An incidence matrix with regions in rows and industries in columns (period 1)
mat2 An incidence matrix with regions in rows and industries in columns (period 2)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
exit, entry.list, exit.list
```

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")

## generate a second region - industry matrix with full count (period 2)
mat2 <- mat1
mat2[3,1] <- 8</pre>
```

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```
## run the function
growth.mat (mat1, mat2)
```

growth.reg

Generate a matrix of industrial growth by regions from two regions industries matrices (same matrix composition from two different periods)

Description

This function generates a matrix of industrial growth by regions from two regions - industries matrices (same matrix composition from two different periods)

Usage

```
growth.reg(mat1, mat2)
```

Arguments

mat1 An incidence matrix with regions in rows and industries in columns (period 1)
mat2 An incidence matrix with regions in rows and industries in columns (period 2)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
exit, entry.list, exit.list
```

```
## generate a first region - industry matrix with full count (period 1)
set.seed(31)
mat1 <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")

## generate a second region - industry matrix with full count (period 2)
mat2 <- mat1
mat2[3,1] <- 8</pre>
```

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```
## run the function
growth.reg (mat1, mat2)
```

Hachman

Compute the Hachman index from regions - industries matrices

Description

This function computes the Hachman index from regions - industries matrices. The Hachman index indicates how closely the industrial distribution of a region resembles the one of a more global economy (nation, world). The index varies between 0 (extreme dissimilarity between the region and the more global economy) and 1 (extreme similarity between the region and the more global economy)

Usage

Hachman(mat)

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

See Also

```
average.location.quotient
```

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
Hachman (mat)</pre>
```

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Herfindahl

Compute the Herfindahl index from regions - industries matrices

Description

This function computes the Herfindahl index from regions - industries matrices from (incidence) regions - industries matrices. This index is also known as the Herfindahl-Hirschman index.

Usage

```
Herfindahl(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Herfindahl, O.C. (1959) *Copper Costs and Prices: 1870-1957*. Baltimore: The Johns Hopkins Press.

Hirschman, A.O. (1945) *National Power and the Structure of Foreign Trade*, Berkeley and Los Angeles: University of California Press.

See Also

```
Krugman.index
```

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
Herfindahl (mat)</pre>
```

Hoover.curve 23

Hoover.curve Compute the Hoover curve from regional counts in population and industry	Hoover.curve	
---	--------------	--

Description

This function computes the Hoover curve (locational Lorenz curve) from regional shares in population and industry

Usage

```
Hoover.curve(ind, pop)
```

Arguments

ind A vector of industrial regional count
pop A vector of population regional count

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hoover, E.M. (1936) The Measurement of Industrial Localization, *The Review of Economics and Statistics* **18** (1): 162-171

See Also

```
location.quotient, locational.Gini
```

Examples

```
## generate vectors of industrial and population count ind <- c(0, 10, 10, 30, 50) pop <- c(5, 10, 10, 25, 30) ## run the function Hoover.curve (ind, pop)
```

Hoover.Gini

Compute the Hoover Gini from regional counts in population and industry

Description

This function computes the Hoover Gini from regional shares in population and industry

Usage

```
Hoover.Gini(ind, pop)
```

24 inv.norm.ubiquity

Arguments

ind A vector of industrial regional count

pop A vector of population regional count

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hoover, E.M. (1936) The Measurement of Industrial Localization, *The Review of Economics and Statistics* **18** (1): 162-171

See Also

```
location.quotient, locational.Gini
```

Examples

```
## generate vectors of industrial and population count ind <- c(0, 10, 10, 30, 50) pop <- c(5, 10, 10, 25, 30) ## run the function Hoover.Gini (ind, pop)
```

inv.norm.ubiquity

Compute a measure of complexity from the inverse of the normalized ubiquity of industries

Description

This function computes a measure of complexity from the inverse of the normalized ubiquity of industries. We divide the logarithm of the total count (employment, number of firms, number of patents, ...) in an industry by its ubiquity. Ubiquity is given by the number of regions in which an industry can be found (location quotient > 1) from regions - industries (incidence) matrices

Usage

```
inv.norm.ubiquity(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography*, forthcoming

KCI 25

See Also

```
diversity, location.quotient, ubiquity, TCI, MORt
```

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
inv.norm.ubiquity (mat)</pre>
```

KCI

Compute an index of knowledge complexity of regions using the eigenvector method

Description

This function computes an index of knowledge complexity of regions using the eigenvector method from regions - industries (incidence) matrices. Technically, the function returns the eigenvector associated with the second largest eigenvalue of the projected region - region matrix.

Usage

```
KCI(mat, RCA = FALSE)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

RCA Logical; should the index of relative comparative advantage (RCA - also referred

to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hidalgo, C. and Hausmann, R. (2009) The building blocks of economic complexity, *Proceedings of the National Academy of Sciences* **106**: 10570 - 10575.

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography, forthcoming*

See Also

```
location.quotient, ubiquity, diversity, MORc, TCI, MORt
```

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Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")</pre>
## run the function
KCI (mat, RCA = TRUE)
## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
KCI (mat)
## generate the simple network of Hidalgo and Hausmann (2009) presented p.11 (Fig. S4)
countries <- c("C1", "C1", "C1", "C1", "C2", "C3", "C3", "C4")
products <- c("P1", "P2", "P3", "P4", "P2", "P3", "P4", "P4")
data <- data.frame(countries, products)</pre>
data$freq <- 1
mat <- get.matrix (data)</pre>
## run the function
KCI (mat)
```

Krugman.index

Compute the Krugman index from regions - industries matrices

Description

This function computes the Krugman index from regions - industries matrices. This index is often referred to as the Krugman specialisation index and measures the distance between the distributions of industry shares in a region and at a more aggregated level (country for instance).

Usage

```
Krugman.index(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Krugman P. (1991) Geography and Trade, MIT Press, Cambridge

location.quotient 27

See Also

```
average.location.quotient
```

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
Krugman.index (mat)</pre>
```

location.quotient

Compute location quotients from regions - industries matrices

Description

This function computes location quotients from (incidence) regions - industries matrices. The numerator is the share of a given industry in a given region. The denominator is the share of a this industry in a larger economy (overall country for instance). This index is also refered to as the index of Revealed Comparative Advantage (RCA) following Ballasa (1965), or the Hoover-Balassa index.

Usage

```
location.quotient(mat, binary = FALSE)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

binary

Logical; shall the returned output be a dichotomized version (0/1) of the location quotient? Defaults to FALSE (the full values of the location quotient will be returned), but can be set to TRUE (location quotient values above 1 will be set

to 1 & location quotient values below 1 will be set to 0)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balassa, B. (1965) Trade Liberalization and Revealed Comparative Advantage, *The Manchester School* 33: 99-123.

See Also

RCA

28 location.quotient.avg

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
location.quotient (mat)
location.quotient (mat, binary = TRUE)</pre>
```

Description

This function computes the average location quotients of regions from (incidence) regions - industries matrices. This index is also referred to as the *coefficient of specialization* (Hoover and Giarratani, 1985).

Usage

```
location.quotient.avg(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hoover, E.M. and Giarratani, F. (1985) *An Introduction to Regional Economics*. 3rd edition. New York: Alfred A. Knopf

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

See Also

location.quotient, Hachman

match.mat 29

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
location.quotient.avg (mat)</pre>
```

match.mat

Re-arrange the dimension of a matrix based on the dimension of another matrix

Description

This function e-arranges the dimension of a matrix based on the dimension of another matrix

Usage

```
match.mat(fill = mat1, dim = mat2, missing = T)
```

Arguments

fill A matrix that will be used to populate the matrix output

dim A matrix that will be used to determine the dimensions of the matrix output

missing Logical; Shall the cells of the non matching rows/columns set to NA? Default to

TRUE but can be set to FALSE to set the cells of the non matching rows/columns

to 0 instead.

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

See Also

```
location.quotient
```

```
## generate a first region - industry matrix
set.seed(31)
mat1 <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat1) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat1) <- c ("I1", "I2", "I3", "I4")

## generate a second region - industry matrix
set.seed(31)
mat2 <- matrix(sample(0:1,16,replace=T), ncol = 4)
rownames(mat2) <- c ("R1", "R2", "R3", "R5")
colnames(mat2) <- c ("I1", "I2", "I3", "I4")

## run the function</pre>
```

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```
match.mat (fill = mat1, dim = mat2)
match.mat (fill = mat2, dim = mat1)
match.mat (fill = mat2, dim = mat1, missing = F)
```

modular.complexity

Compute a measure of modular complexity of patent documents

Description

This function computes a measure of modular complexity of patent documents from technological classes - patents (incidence) matrices

Usage

```
modular.complexity(mat, sparse = FALSE, list = FALSE)
```

Arguments

mat A bipartite adjacency matrix (can be a sparse matrix)

sparse Logical; is the input matrix a sparse matrix? Defaults to FALSE, but can be set

to TRUE if the input matrix is a sparse matrix

list Logical; is the input a list? Defaults to FALSE (input = adjacency matrix), but

can be set to TRUE if the input is an edge list

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Fleming, L. and Sorenson, O. (2001) Technology as a complex adaptive system: evidence from patent data, *Research Policy* **30**: 1019-1039

See Also

```
ease.recombination, TCI, MORt
```

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:1,30,replace=T), ncol = 5)
rownames(mat) <- c ("T1", "T2", "T3", "T4", "T5", "T6")
colnames(mat) <- c ("US1", "US2", "US3", "US4", "US5")
## run the function
modular.complexity (mat)

## generate a region - industry sparse matrix
library (Matrix)

## run the function
smat <- Matrix(mat, sparse=TRUE)</pre>
```

```
modular.complexity (smat, sparse = TRUE)
## generate a regular data frame (list)
list <- get.list (mat)

## run the function
modular.complexity (list, list = TRUE)</pre>
```

modular.complexity.avg

Compute a measure of average modular complexity of technologies

Description

This function computes a measure of average modular complexity of technologies (average complexity of patent documents in a given technological class) from technological classes - patents (incidence) matrices

Usage

```
modular.complexity.avg(mat, sparse = FALSE, list = FALSE)
```

Arguments

mat A bipartite adjacency matrix (can be a sparse matrix)

sparse Logical; is the input matrix a sparse matrix? Defaults to FALSE, but can be set to TRUE if the input matrix is a sparse matrix

list Logical; is the input a list? Defaults to FALSE (input = adjacency matrix), but

can be set to TRUE if the input is an edge list

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Fleming, L. and Sorenson, O. (2001) Technology as a complex adaptive system: evidence from patent data, *Research Policy* **30**: 1019-1039

See Also

```
ease.recombination, TCI, MORt
```

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:1,30,replace=T), ncol = 5)
rownames(mat) <- c ("T1", "T2", "T3", "T4", "T5", "T6")
colnames(mat) <- c ("US1", "US2", "US3", "US4", "US5")
## run the function</pre>
```

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```
modular.complexity.avg (mat)
## generate a region - industry sparse matrix
library (Matrix)

## run the function
smat <- Matrix(mat,sparse=TRUE)

modular.complexity.avg (smat, sparse = TRUE)
## generate a regular data frame (list)
list <- get.list (mat)

## run the function
modular.complexity.avg (list, list = TRUE)</pre>
```

MORc

Compute an index of knowledge complexity of regions using the method of reflection

Description

This function computes an index of knowledge complexity of regions using the method of reflection from regions - industries (incidence) matrices. The index has been developed by Hidalgo and Hausmann (2009) for country - product matrices and adapted by Balland and Rigby (2016) to city - technology matrices.

Usage

```
MORc(mat, RCA = FALSE, steps = 20)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

RCA Logical; should the index of relative comparative advantage (RCA - also referred

to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

steps Number of iteration steps. Defaults to 20, but can be set to 0 to give diversity

(number of industry in which a region has a RCA), to 1 to give the average ubiquity of the industries in which a region has a RCA, to 2 to give the average diversity of regions that have similar industrial structures, or to any other number of steps < or = to 22. Note that above steps = 2 the index will be rescaled from 0 (minimum relative complexity) to 100 (maximum relative complexity).

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

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References

Hidalgo, C. and Hausmann, R. (2009) The building blocks of economic complexity, *Proceedings of the National Academy of Sciences* **106**: 10570 - 10575.

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography*, forthcoming

See Also

location.quotient, ubiquity, diversity, KCI, TCI, MORt

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")</pre>
## run the function
MORc (mat, RCA = TRUE)
MORc (mat, RCA = TRUE, steps = 0)
MORc (mat, RCA = TRUE, steps = 1)
MORc (mat, RCA = TRUE, steps = 2)
## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(32)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
MORc (mat)
MORc (mat, steps = 0)
MORc (mat, steps = 1)
MORc (mat, steps = 2)
## generate the simple network of Hidalgo and Hausmann (2009) presented p.11 (Fig. S4)
countries <- c("C1", "C1", "C1", "C1", "C2", "C3", "C3", "C4")
products <- c("P1", "P2", "P3", "P4", "P2", "P3", "P4", "P4")
data <- data.frame(countries, products)</pre>
data$freq <- 1
mat <- get.matrix (data)</pre>
## run the function
MORc (mat)
MORc (mat, steps = 0)
MORc (mat, steps = 1)
MORc (mat, steps = 2)
```

MORt

Compute an index of knowledge complexity of industries using the method of reflection

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Description

This function computes an index of knowledge complexity of industries using the method of reflection from regions - industries (incidence) matrices. The index has been developed by Hidalgo and Hausmann (2009) for country - product matrices and adapted by Balland and Rigby (2016) to city - technology matrices.

Usage

```
MORt(mat, RCA = FALSE, steps = 19)
```

Arguments

An incidence matrix with regions in rows and industries in columns mat

RCA Logical; should the index of relative comparative advantage (RCA - also refered

> to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

Number of iteration steps. Defaults to 19, but can be set to 0 to give ubiquity steps

> (number of regions that have a RCA in a industry), to 1 to give the average diversity of the regions that have a RCA in this industry, to 2 to give the average ubiquity of technologies developed in the same regions, or to any other number of steps < or = to 21. Note that above steps = 2 the index will be rescaled from

0 (minimum relative complexity) to 100 (maximum relative complexity).

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hidalgo, C. and Hausmann, R. (2009) The building blocks of economic complexity, *Proceedings of* the National Academy of Sciences 106: 10570 - 10575.

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography*, forthcoming

See Also

```
location.quotient, ubiquity, diversity, KCI, TCI, MORc
```

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")</pre>
## run the function
MORt (mat, RCA = TRUE)
MORt (mat, RCA = TRUE, steps = 0)
MORt (mat, RCA = TRUE, steps = 1)
MORt (mat, RCA = TRUE, steps = 2)
```

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```
## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(32)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")</pre>
## run the function
MORt (mat)
MORt (mat, steps = 0)
MORt (mat, steps = 1)
MORt (mat, steps = 2)
## generate the simple network of Hidalgo and Hausmann (2009) presented p.11 (Fig. S4)
countries <- c("C1", "C1", "C1", "C1", "C2", "C3", "C3", "C4")
products <- c("P1", "P2", "P3", "P4", "P2", "P3", "P4", "P4")
data <- data.frame(countries, products)</pre>
data$freq <- 1
mat <- get.matrix (data)</pre>
## run the function
MORt (mat)
MORt (mat, steps = 0)
MORt (mat, steps = 1)
MORt (mat, steps = 2)
```

norm.ubiquity

Compute a measure of complexity by normalizing ubiquity of industries

Description

This function computes a measure of complexity by normalizing ubiquity of industries. We divide the share of the total count (employment, number of firms, number of patents, ...) in an industry by its share of ubiquity. Ubiquity is given by the number of regions in which an industry can be found (location quotient > 1) from regions - industries (incidence) matrices

Usage

```
norm.ubiquity(mat)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography*, forthcoming

36 prody

See Also

```
diversity, location.quotient, ubiquity, TCI, MORt
```

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")
## run the function
norm.ubiquity (mat)</pre>
```

prody

Compute the prody index of industries from regions - industries matrices

Description

This function computes the prody index of industries from (incidence) regions - industries matrices, as proposed by Hausmann, Hwang & Rodrik (2007). The index gives an associated income level for each industry. It represents a weighted average of per-capita GDPs (but GDP can be replaced by R&D, education...), where the weights correspond to the revealed comparative advantage of each region in a given industry (or sector, technology, ...).

Usage

```
prody(mat, vec)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

vec A vector that gives GDP, R&D, education or any other relevant regional attribute

that will be used to compute the weighted average for each industry

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balassa, B. (1965) Trade Liberalization and Revealed Comparative Advantage, *The Manchester School* **33**: 99-123

Hausmann, R., Hwang, J. & Rodrik, D. (2007) What you export matters, *Journal of economic growth* **12**: 1-25.

See Also

```
location.quotient
```

RCA 37

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## a vector of GDP of regions
vec <- c (5, 10, 15, 25, 50)
## run the function
prody (mat, vec)</pre>
```

RCA

Compute an index of revealed comparative advantage (RCA) from regions - industries matrices

Description

This function computes an index of revealed comparative advantage (RCA) from (incidence) regions - industries matrices. The numerator is the share of a given industry in a given region. The denominator is the share of a this industry in a larger economy (overall country for instance). This index is also referred to as a location quotient, or the Hoover-Balassa index.

Usage

```
RCA(mat, binary = FALSE)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

binary Logical; shall the returned output be a dichotomized version (0/1) of the RCA?

Defaults to FALSE (the full values of the RCA will be returned), but can be set to TRUE (RCA above 1 will be set to 1 & RCA values below 1 will be set to 0)

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balassa, B. (1965) Trade Liberalization and Revealed Comparative Advantage, *The Manchester School* **33**: 99-123.

See Also

location.quotient

38 relatedness

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
RCA (mat)
RCA (mat, binary = TRUE)</pre>
```

relatedness

Compute the relatedness between entities (industries, technologies, ...) from their co-occurence matrix

Description

This function computes the relatedness between entities (industries, technologies, ...) from their co-occurence (adjacency) matrix. Different normalization procedures are proposed following van Eck and Waltman (2009): association strength, cosine, Jaccard, and an adapted version of the association strength that we refer to as probability index.

Usage

```
relatedness(mat, method = "prob")
```

Arguments

mat An adjacency matrix of co-occurences between entities (industries, technolo-

gies, cities...)

method Which normalization method should be used to compute relatedness? Defaults

to "prob", but it can be "association", "cosine" or "Jaccard"

Author(s)

```
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Joan Crespo <J.Crespo@uu.nl>
Mathieu Steijn <M.P.A.Steijn@uu.nl>
```

References

van Eck, N.J. and Waltman, L. (2009) How to normalize cooccurrence data? An analysis of some well-known similarity measures, *Journal of the American Society for Information Science and Technology* **60** (8): 1635-1651

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

Steijn, M.P.A. (2016) Improvement on the association strength: implementing a probabilistic measure based on combinations without repetition, *Working Paper, Utrecht University*

relatedness.density 39

See Also

relatedness.density, co.occurence

Examples

```
## generate an industry - industry matrix in which cells give the number of co-occurences
## between two industries
set.seed(31)
mat <- matrix(sample(0:10,36,replace=T), ncol = 6)
mat[lower.tri(mat, diag = TRUE)] <- t(mat)[lower.tri(t(mat), diag = TRUE)]
rownames(mat) <- c ("I1", "I2", "I3", "I4", "I5", "I6")
colnames(mat) <- c ("I1", "I2", "I3", "I4", "I5", "I6")

## run the function
relatedness (mat)
relatedness (mat, method = "association")
relatedness (mat, method = "cosine")
relatedness (mat, method = "Jaccard")</pre>
```

relatedness.density

Compute the relatedness density between regions and industries from regions - industries matrices and industries - industries matrices

Description

This function computes the relatedness density between regions and industries from regions - industries (incidence) matrices and industries - industries (adjacency) matrices

Usage

```
relatedness.density(mat, relatedness)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

relatedness An adjacency industry - industry matrix indicating the degree of relatedness

between industries

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

```
relatedness, co.occurence
```

Examples

```
## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## generate an industry - industry matrix in which cells indicate if two industries are
## related (1) or not (0)
relatedness <- matrix(sample(0:1,16,replace=T), ncol = 4)
relatedness[lower.tri(relatedness, diag = TRUE)] <- t(relatedness)[lower.tri(t(relatedness),
diag = TRUE)]
rownames(relatedness) <- c ("I1", "I2", "I3", "I4")
colnames(relatedness) <- c ("I1", "I2", "I3", "I4")

## run the function
relatedness.density (mat, relatedness)</pre>
```

relatedness.density.ext

Compute the relatedness density between regions and industries that are not part of the regional portfolio from regions - industries matrices and industries - industries matrices

Description

This function computes the relatedness density between regions and industries that are not part of the regional portfolio from regions - industries (incidence) matrices and industries - industries (adjacency) matrices

Usage

```
relatedness.density.ext(mat, relatedness)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

relatedness An adjacency industry - industry matrix indicating the degree of relatedness

between industries

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

relatedness, co.occurence

Examples

```
## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## generate an industry - industry matrix in which cells indicate if two industries are
## related (1) or not (0)
relatedness <- matrix(sample(0:1,16,replace=T), ncol = 4)
relatedness[lower.tri(relatedness, diag = TRUE)] <- t(relatedness)[lower.tri(t(relatedness),
diag = TRUE)]
rownames(relatedness) <- c ("I1", "I2", "I3", "I4")

## run the function
relatedness.density.ext (mat, relatedness)</pre>
```

relatedness.density.ext.avg

Compute the average relatedness density of regions to industries that are not part of the regional portfolio from regions - industries matrices and industries - industries matrices

Description

This function computes the average relatedness density of regions to industries that are not part of the regional portfolio from regions - industries (incidence) matrices and industries - industries (adjacency) matrices. This is the technological flexibility indicator proposed by Balland et al. (2015).

Usage

```
relatedness.density.ext.avg(mat, relatedness)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

relatedness An adjacency industry - industry matrix indicating the degree of relatedness

between industries

42 relatedness.density.int

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Balland P.A., Rigby, D., and Boschma, R. (2015) The Technological Resilience of U.S. Cities, *Cambridge Journal of Regions, Economy and Society*, **8** (2): 167-184

See Also

relatedness, relatedness.density, relatedness.density.ext, relatedness.density.int, avg.relatedness.density.int

Examples

```
## generate a region - industry matrix in which cells represent the presence/absence
## of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## generate an industry - industry matrix in which cells indicate if two industries are
## related (1) or not (0)
relatedness <- matrix(sample(0:1,16,replace=T), ncol = 4)
relatedness[lower.tri(relatedness, diag = TRUE)] <- t(relatedness)[lower.tri(t(relatedness),
diag = TRUE)]
rownames(relatedness) <- c ("I1", "I2", "I3", "I4")

## run the function
relatedness.density.ext.avg (mat, relatedness)</pre>
```

relatedness.density.int

Compute the relatedness density between regions and industries that are part of the regional portfolio from regions - industries matrices and industries - industries matrices

Description

This function computes the relatedness density between regions and industries that are part of the regional portfolio from regions - industries (incidence) matrices and industries - industries (adjacency) matrices

Usage

```
relatedness.density.int(mat, relatedness)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

relatedness An adjacency industry - industry matrix indicating the degree of relatedness

between industries

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Boschma, R., Heimeriks, G. and Balland, P.A. (2014) Scientific Knowledge Dynamics and Relatedness in Bio-Tech Cities, *Research Policy* **43** (1): 107-114

See Also

relatedness, co.occurence

Examples

```
## generate a region - industry matrix in which cells represent the presence/absence
## of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## generate an industry - industry matrix in which cells indicate if two industries are
## related (1) or not (0)
relatedness <- matrix(sample(0:1,16,replace=T), ncol = 4)
relatedness[lower.tri(relatedness, diag = TRUE)] <- t(relatedness)[lower.tri(t(relatedness),
diag = TRUE)]
rownames(relatedness) <- c ("I1", "I2", "I3", "I4")
colnames(relatedness) <- c ("I1", "I2", "I3", "I4")

## run the function
relatedness.density.int (mat, relatedness)</pre>
```

relatedness.density.int.avg

Compute the average relatedness density within the regional portfolio from regions - industries matrices and industries - industries matrices

Description

This function computes the average relatedness density within the regional portfolio from regions - industries (incidence) matrices and industries - industries (adjacency) matrices. This is a measure of the technological coherence of the regional industrial structure.

Usage

```
relatedness.density.int.avg(mat, relatedness)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

relatedness An adjacency industry - industry matrix indicating the degree of relatedness

between industries

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Boschma, R., Balland, P.A. and Kogler, D. (2015) Relatedness and Technological Change in Cities: The rise and fall of technological knowledge in U.S. metropolitan areas from 1981 to 2010, *Industrial and Corporate Change* **24** (1): 223-250

Balland P.A., Rigby, D., and Boschma, R. (2015) The Technological Resilience of U.S. Cities, *Cambridge Journal of Regions, Economy and Society*, **8** (2): 167-184

See Also

relatedness, relatedness. density, relatedness. density. ext, relatedness. density. int, avg. relatedness. density. ext

Examples

```
## generate a region - industry matrix in which cells represent the presence/absence
## of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## generate an industry - industry matrix in which cells indicate if two industries are
## related (1) or not (0)
relatedness <- matrix(sample(0:1,16,replace=T), ncol = 4)
relatedness[lower.tri(relatedness, diag = TRUE)] <- t(relatedness)[lower.tri(t(relatedness),
diag = TRUE)]
rownames(relatedness) <- c ("I1", "I2", "I3", "I4")
colnames(relatedness) <- c ("I1", "I2", "I3", "I4")

## run the function
relatedness.density.int.avg (mat, relatedness)</pre>
```

TCI 45

TCI	Compute an index of knowledge complexity of industries using the
	eigenvector method

Description

This function computes an index of knowledge complexity of industries using the eigenvector method from regions - industries (incidence) matrices. Technically, the function returns the eigenvector associated with the second largest eigenvalue of the projected industry - industry matrix.

Usage

```
TCI(mat, RCA = FALSE)
```

Arguments

mat An incidence matrix with regions in rows and industries in columns

RCA Logical; should the index of relative comparative advantage (RCA - also refered

to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Hidalgo, C. and Hausmann, R. (2009) The building blocks of economic complexity, *Proceedings of the National Academy of Sciences* **106**: 10570 - 10575.

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography, forthcoming*

See Also

location.quotient, ubiquity, diversity, MORc, KCI, MORt

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
TCI (mat, RCA = TRUE)

## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)</pre>
```

46 ubiquity

```
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
TCI (mat)

## generate the simple network of Hidalgo and Hausmann (2009) presented p.11 (Fig. S4)
countries <- c("C1", "C1", "C1", "C1", "C2", "C3", "C3", "C4")
products <- c("P1", "P2", "P3", "P4", "P2", "P3", "P4", "P4")
data <- data.frame(countries, products)
data$freq <- 1
mat <- get.matrix (data)

## run the function
TCI (mat)</pre>
```

ubiquity

Compute a simple measure of ubiquity of industries

Description

This function computes a simple measure of ubiquity of industries by counting the number of regions in which an industry can be found (location quotient > 1) from regions - industries (incidence) matrices

Usage

```
ubiquity(mat, RCA = FALSE)
```

Arguments

mat

An incidence matrix with regions in rows and industries in columns

RCA

Logical; should the index of relative comparative advantage (RCA - also refered to as location quotient) first be computed? Defaults to FALSE (a binary matrix - 0/1 - is expected as an input), but can be set to TRUE if the index of relative

comparative advantage first needs to be computed

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

References

Balland, P.A. and Rigby, D. (2016) The geography of complex knowledge, *Economic Geography, forthcoming*

See Also

```
diversity location.quotient
```

weighted.avg 47

Examples

```
## generate a region - industry matrix with full count
set.seed(31)
mat <- matrix(sample(0:10,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
ubiquity (mat, RCA = TRUE)

## generate a region - industry matrix in which cells represent the presence/absence of a RCA
set.seed(31)
mat <- matrix(sample(0:1,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## run the function
ubiquity (mat)</pre>
```

weighted.avg

Compute a weighted average of regions or industries from regions - industries matrices

Description

This function computes a weighted average of regions or industries from (incidence) regions - industries matrices.

Usage

```
weighted.avg(mat, vec, reg = T)
```

Arguments

mat	An incidence matrix with regions in rows and industries in columns
vec	A vector that will be used to compute the weighted average for each industry/region
reg	Logical; Shall the weighted average for regions be returned? Default to TRUE (requires a vector of industry value) but can be set to FALSE (requires a vector of region value) if the weighted average for industries should be returned

Author(s)

Pierre-Alexandre Balland <p.balland@uu.nl>

See Also

location.quotient

48 weighted.avg

Examples

```
## generate a region - industry matrix
set.seed(31)
mat <- matrix(sample(0:100,20,replace=T), ncol = 4)
rownames(mat) <- c ("R1", "R2", "R3", "R4", "R5")
colnames(mat) <- c ("I1", "I2", "I3", "I4")

## a vector for regions will be used to computed the weighted average of industries
vec <- c (5, 10, 15, 25, 50)
## run the function
weighted.avg (mat, vec, reg = F)

## a vector for industries will be used to computed the weighted average of regions
vec <- c (5, 10, 15, 25)
## run the function
weighted.avg (mat, vec, reg = T)</pre>
```

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