

Econ815: Problem Set 7

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November 14, 2017

Data

Unfortunately, I was unable to tie this problem set to any of my current research projects. Having pulled data from all necessary sources at this point, I elected to draw the data for this project from Eurostat. While the data they provide is not granular enough to be useful for my analysis between Cataluña and Aragón, I have pulled Spanish GDP data as a backdrop to establish overall trends in that model. The data I pulled is GDP at market prices data for Spain from 1991 until 2013.

Macro Trends Affecting Cataluña and Aragón

As is evident from Figure 1, we see that Spanish GDP has steadily increased until the late 1990s when it declined slightly and subsequently began to trend down slightly. This torpid decline in Spanish GDP is likely attributable to the fact that much of Spain's GDP comes from tourism¹. The advent of the Great Recession would likely decrease tourism which in tandem with Spain's current financial crisis would lead to declines in GDP².

¹Behind the United States and France Spain is the world's most popular tourist destination.

²The global financial crisis began in Spain in 2008 and has yet to formally ended.

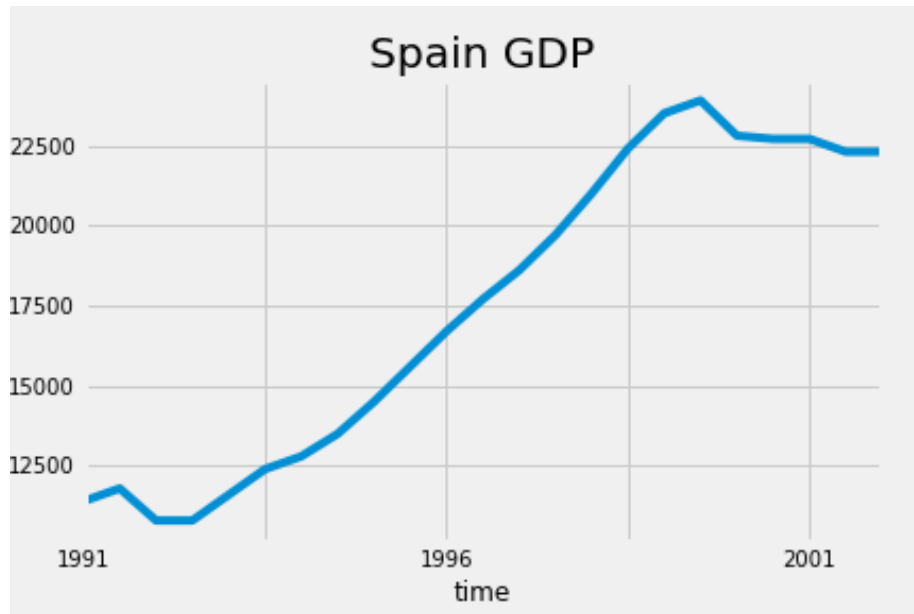


Figure 1: A graph of Spain's GDP per capita by year

Declining tourism and the Spanish financial crisis would likely have a differential effect on the two regions in question. Cataluña is home to the headquarters of one of Spain's four major banks and a hub of tourism ³. In Aragón on the hand, banking and tourism are far less important. The differential effect of the Global Financial Crisis has likely fallen harder on Cataluña than Aragón which could explain why I find no effect of Catalan culture, proxied by the Catalan language, on present day output despite the fact that average Catalan disposable income per capita is greater than average Aragonese disposable income per capita for every year of the sample. In continuing work on this project I will look for output data from before the 2008 since such data will be unaffected by either the Spanish or global financial crises.

³Barcelona, the capital of Cataluña is home to many of Spain's major tourist attractions such as La Sagrada Familia, La Casa Gaudi, and Parc Guell