

Spatial Policy for a Competitive Regional System: Economic and Social Infrastructure Elements¹

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ABSTRACT. The optimal formation of regions changes over time, which prompts the question: how can regions survive by expanding their unique competitive advantages? One of two key factors cited in response to this question is competitive economic forces related to economic infrastructure elements. The other is attractiveness, which is relevant to social infrastructure elements. The first part of this paper explores elements of the former, dealing with localisation and activity-complex economies from the standpoint of agglomeration economies. The second part examines elements of the latter, such as attractiveness of large metropolitan areas where positive and negative aspects of urbanisation economies and diseconomies coexist. The final part of the paper offers an integrated framework that features both economic and social infrastructure elements, indicating how a sustainable regional system can be coordinated.

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KEYWORDS. *Spatial organisation, agglomeration economies, sustainable regional growth, welfare, infrastructure*

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1. INTRODUCTION

The spatial formation of regions in the Middle Ages featured a simple, nonhierarchical, central-place system. In that system, there was a church at the centre and various goods were traded at the central square. As highlighted by Thünen (1826 [1966]), highly perishable products were delivered from areas near the centre, while durable products were shipped from more distant areas. This particular distribution scheme formed concentric rings, with various rings involving completely different farming systems. Such form can still be found today but in a few limited places, i.e., Charlesbourg in Quebec. Other more typical places generally feature more complex spatial formations, and the optimal formation of the economic space changes over time.

Some regions have strong centripetal forces, and others are losing their competitive power. These may be dominated by spatial hierarchies in what is called a hierarchical central-place system. Central-place theory was systematically investigated by Lösch (1944 [1954]) with respect to market areas. Market-area analysis reveals how final goods are distributed across an economic plain. While central-place theory addresses various aspects of spatial configuration, several additional factors also need to be considered in examining an actual spatial hierarchy. Here, the question is how regions can survive by expanding their unique competitive advantages. Hence, additional factors include the following two primary location tactics. One creating a competitive economic force related to the elements of economic infrastructure. This involves localisation economies and activity-complex economies, viewed within the framework of agglomeration economies. These both relate directly to producer surpluses. Another is attractiveness, which is related to elements of social infrastructure, and may include the attainment of well-being. These elements are typically found in large metropolitan areas where positive factors of urbanisation economies and negative factors of urbanisation diseconomies coexist. Evans (1972) provides an evaluation of a region including these positive and negative factors.

Parr (2002) categorises localisation, urbanisation, and activity-complex economies, in external terms, as composing agglomeration economies. These spatially-constrained economies also have internal scale, scope, and complexity elements, and they involve horizontal, lateral, and vertical integration, respectively. As revealed by Weber (1909 [1928]) in his location-triangle analysis, agglomeration economies are trade-offs against transportation costs. The individuals' and firms' decision making with regard to location can be affected by such spatial factors.

MOSPI (2012: 11-12) classified the terms for economic and social infrastructure as follows. First, economic infrastructure is defined as the elements of infrastructure that promote economic activity including roads, highways, railroads, airports, sea ports, electricity, telecommunications, water supply, and sanitation. Social infrastructure is defined as that part of the infrastructure

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