Hierarchical central place system and agglomeration economies on households

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Abstract In spatial economics, producer and consumer surpluses vary among different regions. While upper hierarchically-ordered regions own higher attractiveness to both producers and households, lower hierarchically-ordered regions are disadvantages on them due to physically limited scale, scope, and complexity. In such situations, a problem occurs that former regions typically remark severe spatial congestions which cause urbanization diseconomies, and the population and economic activity need to spread across the county or country involving latter regions. Without relying on tax competition and other pecuniary policies, this paper explores how to increase attractiveness forces in lower hierarchical regions. In addition, it is also necessary to specify the optimal scale, scope, and complexity of regional economic activity under limited constraint of budget in local governments. framework of hierarchical central place theory and household economics, this paper aims to address spatial policy on sustainable regional growth across a country.

Keywords: Agglomeration economies, central place theory, regional hierarchy, location

decision-making, quality of life

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