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The Location of Economic Activity

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The Location of Economic Activity

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THE LOCATION OF ECONOMIC ACTIVITY

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Preface

THIS BOOK is a lineal descendant of a manuscript completed at the end of 1941 and published in Spanish in 1943.¹ Other commitments during the war period delayed preparation of an English version. In the interim the author has had the benefit of more mature reflection, some nonacademic experience, and an opportunity to inflict various drafts of the manuscript on students and professional associates. The result is a thoroughgoing revision, with nearly all new illustrative material.

The author has drawn much enlightenment and inspiration from the work of the late August Lösch, which will soon become available in English translation.²

With particular gratitude the author wishes to acknowledge three major contributions. His wife's unfailing encouragement and patience have been indispensable. His former students in the economics of location at the University of Michigan will recognize here many ideas that they helped to form and clarify. His former colleagues in the interdepartmental research seminar in metropolitan community problems at the University of Michigan, especially Prof. Amos Hawley of the Department of Sociology, have broadened his views and directed his attention to much relevant material in less familiar fields.

Others who have been helpful at various stages include Prof. Richard Hartshorne of the Department of Geography, University of Wisconsin; Prof. Kenneth May of the Department of Mathematics, Carleton College; Marion Hayes of the U. S. Department of Commerce; Dr. Glenn E. McLaughlin of the National Security Resources Board; Dr. Walter Isard of Massachusetts Institute of Technology; Michael Daly of Foote Cone & Belding, New York

¹ "Economía geográfica," Fondo de Cultura Económica, Mexico City, 1943.

² August Lösch, "Die räumliche Ordnung der Wirtschaft," Gustav Fischer Verlag, Jena, 1940 (2d ed., 1944).

City; Prof. A. P. Usher of the Department of Economics, Harvard University; Profs. C. F. Remer, Z. C. Dickinson, Daniel Suits of the Department of Economics, University of Michigan; and Grace Potter, Associate Editor of Scholarly Publications of the University of Michigan Press. The author is also grateful to the many authors and publishers who have generously given permission for quotations and reproduction of maps.

This book was written prior to the author's connection with the President's Council of Economic Advisers and is not to be taken as reflecting in any way the views of that agency.

EDGAR M. HOOVER

WASHINGTON, D. C.

May, 1948

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Editor's Introduction

FOR YEARS many teachers of economics and other professional economists have felt the need of a series of books on economic subjects that is not filled by the usual textbook or by the highly technical treatise.

This present series, published under the general title "The Economics Handbook Series," was planned with these needs in mind. Designed first of all for students, the volumes are useful in the ever-growing field of adult education and also are of interest to the informed general reader.

The volumes are not long—they give the essentials of the subject matter within the limits of a few hundred pages; they present a distillate of accepted theory and practice, without the detailed approach of the technical treatise. Each volume is a unit, standing on its own.

The authors are scholars, each writing on an economic subject of which he is an authority. In this series the author's first task was not to make important contributions to knowledge—although many of them do—but so to present his subject matter that his work as a scholar will carry its maximum influence outside as well as inside the classroom. The time has come to redress the balance between the energies spent on the creation of new ideas and on their dissemination. Economic ideas are unproductive if they do not spread beyond the world of scholars. Popularizers without technical competence, unqualified textbook writers, and sometimes even charlatans control too large a part of the market for economic ideas.

In the classroom the Economics Handbook Series will serve, it is hoped, for brief surveys in one-semester courses, as supplementary reading in introductory courses and in other courses to which the subject is related.

In this volume Professor Hoover writes on "The Location of Economic Activity." In it he presents the essential problems of location and in so doing makes important contributions. This book is indispensable in courses dealing with location. Teachers of courses in economic theory, economic history, international trade, market organization, agriculture, and planning will also find this volume most useful, since it deals with problems of significance for each of these fields. Businessmen interested in the problem of location, as most of them are, would do well to examine this book.

Professor Hoover is well qualified to write this volume. After receiving his A.B. at Harvard with highest honors, he taught at Harvard and received a Ph.D. there. For the last eleven years, with interruptions for government service and active service in the Navy, Professor Hoover has been at the University of Michigan. Recently he resigned his post as Professor of Economics at the latter institution to join the staff of the Council of Economic Advisers in Washington. At various times, he has served with the National Resources Planning Board, the Office of Price Administration, the War Production Board, and the Office of Strategic Services. Much of his teaching and government work was concerned with location problems. Among his books are the following: "Location Theory and the Shoe and Leather Industries," "The Economic Effects of the St. Lawrence Power Project" (U. S. Department of Commerce), "Industrial Location and National Resources" (with others, for the National Resources Planning Board), "Economía geográfica." In addition, he has written numerous articles dealing with the range of problems treated in this book.

His present volume organizes a body of principles relating to the spatial relations of economic activities. It develops ideas on the selection of locations for private and public facilities, land utilization, metropolitan and regional planning, and programs of industrial development and stabilization at local, state, regional, and national levels.

Attention is focused first on factors determining the relative advantages of different types of location from the standpoint of the individual producing enterprise. These advantages are dis-

cussed under two heads: access to suppliers of and to markets for the product, and production cost. Features of transport- and communication-rate structures are explained and discussed as they bear on locational choice and on the formation of patterns of market areas and supply areas in various types of production. In connection with production cost, special attention is given to the economies and dis-economies of concentration, the causes and significance of labor-cost differentials, and differentials in the cost of land.

The role of accessibility and of other features of urban sites is given special attention in a section explaining the principal characteristics of the internal geography of cities.

In the second part of the book a dynamic approach is used, analyzing the causes of locational change, the ways in which such change occurs, and the stresses and the maladjustments that may accompany it. A theory of the process of regional economic development and industrialization is set forth. The locational effects of technological changes, especially improvements in transportation and the use of energy, are evaluated. Factual material in this part includes a statement of the principal over-all trends of industrial and population shift in the United States and identification of some leading "problem areas."

The third part of the book advances further toward realism by taking account of the effects of political boundaries as barriers to trade, hindrances to the mobility of labor and capital, and factors complicating the coordinated administration and development of natural economic areas such as river basins.

The fourth and last part of the book examines the aims and methods of public locational policy. Policies appropriate to economic stabilization, local industrial promotion, flexible adjustment to change, fuller utilization of resources, and national security are analyzed in some detail both as to their interrelations and implications and as to the methods of implementation.

SEYMOUR E. HARRIS