

# CONTENTS

## **PART I PROLOGUE**

<b>Chapter 1</b>	<b>The American Economy: Colonial Days Through The Civil War</b>	<b>3</b>
1.1	The Colonial Powers in North America	4
1.2	The American Colonial Economy	6
1.3	Territorial Expansion of the New Nation	8
1.4	Transportation and Communication	11
1.5	The Growth of Economic Specialization	18
1.6	The Situation at the Close of the Civil War	21
	Selected Readings	22
<b>Chapter 2</b>	<b>Development of an Advanced Economy: 1870 to the 1960's</b>	<b>23</b>
2.1	Economic Specialization and Regional Growth	23
2.2	Increasing Output and Productivity	28
2.3	The Maturing Transportation and Communications Systems	31
2.4	The Agricultural Revolution	35
2.5	The Expansion and Relocation of Manufacturing	38
2.6	Emergence of the Service Industries	41
	Selected Readings	45

<b>Chapter 3 Economic Interdependence and Interregional Trade</b>	47
3.1 Interdependent Economic Activities	48
3.2 Interdependencies within the Agricultural Sector	52
3.3 Some Reasons for Regional Specialization	54
3.4 Some Examples of Regional Specialization	57
3.5 Interregional Trade Flows	63
3.6 The Mobility of Production Factors	66
Selected Readings	69
<b>PART II THE SPATIAL DIMENSION OF MARKET PRICE</b>	71
<b>Chapter 4 Market Price in an Exchange Economy</b>	73
4.1 Introduction	73
4.2 Concept of the Market	74
4.3 Individual and Aggregate Demand	75
4.4 Individual and Aggregate Supply	76
4.5 Price Equilibrium	78
4.6 Joint Demand for Goods and Services	81
4.7 Multiple Price Markets	83
4.8 The Perfect Market Concept	84
Selected Readings	85
<b>Chapter 5 Price Equilibrium in Spatially Separated Markets</b>	86
5.1 The Two-Region Case	87
5.2 Introduction of Transfer Costs	89
5.3 Multiregion Models: Production and Consumption Fixed	93
5.4 Multiregion Models: Programming Solution	94
5.5 Production and Consumption Variable	100
5.6 Limitations of Single-Product Analysis	106
Selected Readings	107

<b>Chapter 6</b>	<b>Space and Transfer Cost</b>	108
6.1	Components of Transfer Cost	108
6.2	Distance-Cost Relationships	109
6.3	Transfer Cost Surface	111
6.4	Effect of Transport Network on Cost	112
6.5	Alternative Modes of Transportation	114
6.6	Combined Modes of Transportation	116
6.7	Collection and Delivery Routes	119
	Selected Readings	123
<b>Chapter 7</b>	<b>Markets With Spatially Dispersed Production</b>	124
7.1	Spatial Dispersion	124
7.2	Site-Price Surface	125
7.3	The Law of Market Areas	126
7.4	Boundaries between Competing Markets	127
7.5	An Example of Interrelated Markets	130
7.6	Minimizing Transfer Costs	132
7.7	Production Costs and Irregular Transfer Costs	136
7.8	Applicability to Real Markets	137
	Selected Readings	139
<b>Chapter 8</b>	<b>Efficient Organization Within Market Areas</b>	140
8.1	Efficient Product Assembly	140
8.2	Isolated Plant Sites	141
8.3	Competing Plants	144
8.4	Processing Plant Numbers and Costs	145
8.5	Efficient Distribution Systems	149
8.6	Spatial Monopoly	153
8.7	Mathematical Note on Efficient Spatial Allocation	155
	Selected Readings	159

**PART III FORM, TIME, AND SPACE DIMENSIONS OF MARKET PRICE** 161

<b>Chapter 9</b>	<b>Price Equilibrium With Alternative Product Forms</b>	163
	9.1 Product Form Choices	163
	9.2 Product Price Boundaries	164
	9.3 Role of Processing Costs	166
	9.4 Short-Run Plant Costs	167
	9.5 Measurement of Plant Costs	169
	9.6 Harmony among Stages	172
	9.7 Time versus Rate Dimensions of Plant Output	173
	9.8 Multiple Service Plants	176
	Selected Readings	181
<b>Chapter 10</b>	<b>Multiple Product Forms and Spatially Separated Markets</b>	182
	10.1 Net Values of the Raw Product	183
	10.2 Identification of Product Boundaries	185
	10.3 Role of Market Demands and Supplies	186
	10.4 Point Trading, Space-Form Models	189
	10.5 Competing Markets with Production Dispersed	192
	10.6 Seasonal Variation in Product Boundaries	195
	10.7 Selection of Product Form	197
	10.8 Long-Run Adjustment to Seasonal Variations	200
	Selected Readings	204
<b>Chapter 11</b>	<b>Temporal Market Price Relationships</b>	205
	11.1 The Time Dimension and Storage Costs	205
	11.2 Two-Period Demand Case	206
	11.3 Multi-Period Demand Case	211
	11.4 Carry-Over between Production Periods	216
	11.5 Fat Years and Lean	219
	11.6 A Spatial and Seasonal Illustration	221
	11.7 Concluding Observations	227
	Selected Readings	228

<b>Chapter 12</b>	<b>Price Discrimination Among Markets</b>	229
12.1	Types of Price Discrimination	229
12.2	Modes of Behavior of the Firm	230
12.3	Price Elasticity Reviewed	232
12.4	Revenue Functions Reviewed	236
12.5	Price Differentiation among Markets – Space	240
12.6	Price Differentiation among Markets – Form	247
12.7	Price Differentiation among Markets – Time	249
12.8	Price Differentiation among Markets – Form, Time, and Space	253
12.9	Summary	257
	<b>Selected Readings</b>	258
<b>Chapter 13</b>	<b>Nonprice Factors Affecting Trade</b>	259
13.1	Types of Intervention	259
13.2	The Pink Milk Caper	260
13.3	The World Sugar Market	262
13.4	Northeast Milksheds and the Canadian Border	266
13.5	Fresh Vegetables in Midwinter	272
13.6	Administered Pricing	272
	<b>Selected Readings</b>	275
<b>PART IV REGIONAL SPECIALIZATION AND TRADE</b>		
<b>Chapter 14</b>	<b>Short-Run Trade Flows</b>	279
14.1	The Concept of Utility	280
14.2	Consumer Equilibrium	282
14.3	Barter between Individuals	283
14.4	Individual “Offer” Curves	286
14.5	Short-Run Regional Offer Curves	288
	<b>Selected Readings</b>	291

<b>Chapter 15</b>	<b>Regional Production Potentials</b>	292
15.1	Alternative Production Opportunities	293
15.2	Opportunity Cost Curves – Single Homogeneous Factor	296
15.3	Opportunity Cost Curves – Multiple Factors	302
15.4	The Long-Run Opportunity Cost Curve	305
15.5	Factors Affecting the Opportunity Cost Curve	309
	Selected Readings	
<b>Chapter 16</b>	<b>Long-Run Regional Specialization</b>	314
16.1	Production Adjustments and Individual Offer Curves	314
16.2	Regional Production and Trade	316
16.3	Product Prices and Factor Prices	318
16.4	Regional Differences in Production Technology	323
16.5	The Gains from Trade	323
	Selected Readings	325
<b>PART V</b>	<b>SPATIAL ARRANGEMENT OF ECONOMIC ACTIVITY</b>	327
<b>Chapter 17</b>	<b>Land-Use Equilibrium Models</b>	329
17.1	The Nomadic, No-Choice Case	330
17.2	Site-Rent Surface	331
17.3	Equilibrium Market Price	332
17.4	Factors Influencing Site Rents	334
17.5	Site Rents and Production Zones	336
17.6	The Effects of Differences in Land Quality	338
17.7	Land-Use Equilibrium with Multiple Markets	342
17.8	Comparative Advantage, Specialization, and Trade	345
17.9	Opportunity Cost Curves and Transfer Costs	347
17.10	Two Illustrations	350
	Selected Readings	352

<b>Chapter 18. Spatial Equilibrium With Mobile Resources</b>	<b>353</b>
18.1 Spatial Distribution of Raw Materials	354
18.2 Production Location: Single, Localized Raw Material	354
18.3 Production Location: One Localized and One Ubiquitous Raw Material	358
18.4 Production Location: Two Localized Raw Materials	359
18.5 Unequal and Nonproportional Transfer Costs	362
18.6 Optimum Location with More Than Three Points	365
18.7 Alternative Raw Material Sources and Nontransfer Costs	370
18.8 Labor as a Mobile Resource	371
18.9 Some Unresolved Issues	372
Selected Readings	373
<b>Chapter 19 General Equilibrium in an Isolated Region</b>	<b>374</b>
19.1 A Simple General Equilibrium System	374
19.2 A Modified General Equilibrium System	377
19.3 Linear Programming Formulation with Fixed Resource Supplies	379
19.4 Linear Programming Formulation with Alternative Production Processes	380
19.5 Introduction of Intermediate Commodities	381
19.6 Consideration of Joint Production	386
Selected Readings	386
<b>Chapter 20 Multiple-Region Production and Trade Models</b>	<b>387</b>
20.1 An Output-Oriented Formulation	388
20.2 A Resource-Oriented Formulation	391
20.3 Location Rents	393

20.4	Multiple Resource Restraints	396
20.5	Trade in Intermediate Commodities	397
	Selected Readings	401
<b>Chapter 21</b>	<b>Efficiency in Marketing</b>	<b>402</b>
21.1	Efficiency of Marketing Firms	403
21.2	Alternative Marketing Systems	408
21.3	Efficiency of Marketing Systems	410
21.4	The “Ideal Market” and Marketing Research	414
	<b>Selected Readings</b>	<b>416</b>
<b>Index</b>		<b>419</b>