Studies in Contemporary Economics

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Spatial Search

Structure, Complexity,
and Implications

With 52 Figures

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Preface

Two areas have fascinated me for a long time. One is the microeconomic theory of consumer behavior, the other one the role of space in economic processes. Usually, the two don't go together very well. In more advanced versions of microeconomic consumer theory its economic actor may face uncertainty, have to allocate resources over time, or have to take into account the characteristics of products, but rarely deals with space. He/she inhabits a spaceless point economy. Regional Science, on the other hand, describes and analyzes the spatial structure and development of the economy, but either ignores individual decision making altogether or treats it in a rather simplistic way.

In this book I try to bring together these two areas of interest of mine. I do this by use of the microeconomic concept of search and placing it in an explicit spatial context. The result, in my opinion, is a theoretical concept with fascinating implications, a broad set of potential implications, and numerous interesting research questions. After reading this book, where I lay out the basic idea of spatial search, describe its elements, and discuss some of its implications, I hope the reader will share this opinion. There are still plenty of unanswered research questions in this part of economic theory. Hopefully, this book will stimulate more work along these lines.

A number of people have contributed to this research. It all started with a collaborative research project with Peter Rogerson, State University of New York, Buffalo, financed by the Austrian "Fonds zur Förderung der wissenschaftlichen Forschung" and the "National Science Foundation" in the USA. Some of the major steps conceptualizing the research problem have been taken in this joint project. I am indebted to Peter Rogerson for his contributions and his permission to use his ideas in this manuscript. I would like to thank my colleagues at the Vienna University of Economics and Business Administration and the participants at various conferences for their criticism and suggestions. Also, my thanks go to colleagues at The University of North Carolina, Chapel Hill, for hosting me for a semester and giving me the opportunity to develop much of this material and discuss it with them.

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