

Essay

Not peer-reviewed version

Rereading Jürgen Essletzbichler's Chapter – “Locating Location Models”

[Young-Jin Ahn](#) and [Zuhriddin Juraev](#) *

Posted Date: 10 July 2023

doi: 10.20944/preprints202307.0527.v1

Keywords: Location theory; Historical analysis; Spatial patterns; Theoretical abstraction; Economic geography.



Preprints.org is a free multidiscipline platform providing preprint service that is dedicated to making early versions of research outputs permanently available and citable. Preprints posted at Preprints.org appear in Web of Science, Crossref, Google Scholar, Scilit, Europe PMC.

Copyright: This is an open access article distributed under the Creative Commons Attribution License which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Essay

Rereading Jürgen Essletzbichler's Chapter— "Locating Location Models"

Young-Jin Ahn and Zuhridin Juraev *

Department of Geography, Chonnam National University, Yongbong-Ro 77, Buk-Gu, Gwangju 500-757, Korea

* Correspondence: chonnamphdteam@gmail.com

Abstract: This article, inspired by Dr. Jürgen Essletzbichler's chapter namely "Locating Location Models" in The SAGE Handbook of Economic Geography (2011), delves into the legacy and significance of location theory. By examining its integration of historical analysis and theoretical abstraction, the study highlights the crucial role played by historical and geographical contexts in shaping spatial patterns. It emphasizes the importance of complementing abstract models with historical analysis to gain a deeper understanding of real-world spatial phenomena. Acknowledging the delay in the development of location theory attributed to the dominance of the German historical school, the article recognizes its enduring value and resurgence in the realm of modern evolutionary economic geography. Ultimately, the abstract underscores the contributions of location theory to our comprehension of spatial dynamics and its potential for further advancements in the field of economic geography.

Keywords: location theory; historical analysis; spatial patterns; theoretical abstraction; economic geography

Introduction

Jürgen Essletzbichler, a famous economic geographer from Austria, has undoubtedly written his name into the annals of economic geography. His scholarly interest is in the spatial intricacies of economic processes and the delicate interplay between economic systems and their environments. Through his painstaking research into the factors that influence location decisions and their impact on spatial patterns, Essletzbichler has developed a deep understanding of the dynamic forces that shape global economic activity. The heart of Essletzbichler's chapter: "Locating location models" (Sage, 2011) is an in-depth explanation of the main tenets of location theory. As the article explains, location theory focuses on two key factors: distance and area. These factors play a central role in determining transportation costs, which in turn have a profound impact on the pricing of products, the selection of production locations, and the expansion of geographic markets.

Over the past 113 years, location theory has undergone a significant metamorphosis. Regardless of the different methodologies employed by various location theorists, there is a common thread that runs through their collective efforts. This common thread lies in the fusion of abstract analysis with meticulous historical examples that allow specific factors to be isolated and examined. Among the notable contributions of site theorists, the development of formal and abstract models is central. These models are invaluable tools for understanding the intricacies of spatial phenomena. However, location theorists readily acknowledge that relying on these models alone is not sufficient to provide a comprehensive explanation for the development of particular locations.

One salient aspect recognized by location theorists is the indispensable role played by historical analysis. They recognize that an in-depth understanding of the evolution of particular sites requires an in-depth examination of the historical context. By juxtaposing historical examples with abstract models, researchers gain a deeper understanding of the complex dynamics at play. Juergen Essletzbichler's contributions to economic geography exemplify this approach. By seamlessly integrating historical analysis with abstract models, Essletzbichler and his colleagues in location theory have provided invaluable insights into location decisions and their effects on spatial patterns. This harmonious marriage of abstraction and historical analysis is proving critical to understanding the multi-layered nature of economic geography and the intricate nuances of location-specific

development. Juergen Essletzbichler's groundbreaking research in economic geography undeniably advances our understanding of the spatial dimensions underlying global economic processes. By carefully examining the factors that influence location decisions and skillfully harnessing the power of abstraction in conjunction with historical analysis, Essletzbichler enriches our insights into the dynamic intricacies of economic activity. His work is a clear testament to the indispensable role of economic geography in promoting the economic development not only of nations and regions, but also of the global community as a whole.

Enduring Features of Classical Location Theories

In this chapter, the author is primarily concerned with highlighting the overarching characteristics of classical location theories. Despite the ever-changing economic, political, and intellectual landscape, these common features have survived the test of time. In addition, the author addresses the complicated relationships and tensions that arose between location theorists and the German historical school, which championed geographic features and historical developments while rejecting the pursuit of universal economic laws. The works of Johann Heinrich von Thunen, Alfred Weber, and August Losch are carefully analyzed to deepen these discussions. Johann Heinrich von Thunen is considered a key figure who introduced the seminal study of spatial economics in his seminal work, "The Isolated State." This influential work illuminated the impact of transportation costs on agricultural land use. Although Thunen's model was based on simplified assumptions, it is revered as an abstract geographic model. Nevertheless, it is essential to consider the evolution of the topics studied and the intellectual context over time. Thunen's model, which was influenced by classical English political economy, placed more emphasis on the dimension of "time" than on "space." In contrast, the German historical school favored an inductive, descriptive, and historical approach. To fully understand the differences between Thunen's and Weber's works, it is important to understand the intellectual context. The prevailing intellectual climate in German economics during this period, characterized by the historical school's preference for historical analysis and rejection of abstract theories, significantly influenced the development of location theory. These differences in approach underscore the tensions between location theorists and the historical school. As a result, classical site theories, including Thunen's contributions, possess enduring characteristics that have survived the test of time. The study of location and its complex relationship to economic processes is a complicated and evolving discipline. The tensions between location theorists and the German historical school offer deep insights into the time's different intellectual approaches and priorities. By understanding the historical context and developmental trajectory of location theories, we gain a deeper understanding of the evolution of economic geography and spatial analysis. Through a careful examination of the works of Thunen, Weber, and Losch, we gain invaluable insights into the basic principles and development of classical location theories.

Influence of the Older German Historical School on Location Analysis

In our previous discussions, we have examined the overarching features of classical location theories and their complicated relationship to the German historical school. Let us now delve deeper into the realm of the older German historical school and its profound influence on location analysis. In addition, we will examine the Methodenstreit, a central debate between Carl Menger and Gustav Schmoller that played an important role in shaping economic thought and the development of location theory. The Older German Historical School, which spanned from 1841 to 1883, emerged during a period of change marked by economic, political, and intellectual transformations. The central goal of this school was to shed light on the impact of different social cultures and historical periods on the economy. Initially, the school had limited influence on German location theory. However, it vehemently rejected the individualistic and deductive approach of English classical political economy as well as methodological individualism. This rejection laid the foundation for the development of modern geographical thought. Wilhelm Roscher and Alfred Schaffle, two esteemed representatives of the older German historical school, made notable contributions to the field. Roscher emphasized the importance of historical data and provided simple descriptions of specific

events, advocating individual rather than universal theories. He held that general laws and regularities could be established by induction and comparative methods. Although the school did not focus directly on location analysis, Roscher, and Schaffle made significant advances in addressing location problems. They emphasized the role of agglomeration economies, stages of development, inertia, path dependence, and the influence of culture, history, environment, and institutions on industrial location. Nevertheless, they maintained their rejection of a universal theory and continued to emphasize the importance of historical and geographic characteristics.

The methodological dispute that was fought between Carl Menger and Gustav Schmoller from 1883 to 1884 further shaped the development of economic thought and its impact on location theory. Carl Menger criticized the Viennese School of History for relying exclusively on observation and description and emphasized the need for relevant abstractions and a deep understanding of the underlying essences. Menger espoused as methodological theses anti-inductivism, individualism, the universality of economic principles, and the loss of historical identities. These theses were taken up by modern economists and led to the waning influence of the German historical school and its context-sensitive economic theories. Representatives of the German historical school, however, later revisited Menger's critique, adapted it, and made it their own. This adaptation created intellectual space for the continuation of the Thünen tradition and the study of the location. Consequently, abstract and general models were developed within the framework of location theory that combined the historical specificity emphasized by the school with the analytical rigor of Menger's methodological proposals. Although the older German historical school initially exerted limited influence on location theory, it played a crucial role in shaping the intellectual landscape of economic geography. Its rejection of universal theories, emphasis on historical and geographical specificities, and subsequent methodological dispute with Menger drove the development of abstract and general models in the field of location theory. By understanding the historical context and evolving debates surrounding location analysis, we gain a deep understanding of the contributions of classical location theorists and the intellectual developments that shaped the field.

Exploring Industrial Movement and Location Theory

Alfred Weber, a renowned German economist and sociologist, made noteworthy strides in the realm of location theory, particularly in understanding industrial movements and the underlying factors influencing them. Building upon the ideas of Thünen, Weber aimed to unravel the drivers of industrial relocation and challenge prevailing notions regarding entrepreneurial motivations. While his work garnered both acclaim and criticism, Weber's approach to analyzing industrial relocation and his methodological stance in the Methodenstreit firmly established him as a true successor to von Thünen. Weber's primary concern revolved around identifying the factors that shape the relocation of industries. In contrast to the prevailing belief that entrepreneurs are primarily driven by profit maximization, Weber contended that cost minimization plays a more pivotal role in their decision-making. To substantiate this argument, he classified costs based on regional differences, forming the foundation for his analysis of location patterns. However, critics of Weber's work pointed out a lack of detailed auxiliary assumptions and historical analysis, which resulted in certain gaps in his analysis.

Following his contributions to location theory, Weber directed his focus exclusively toward real-world problems. Employing evolutionary and historical analysis, he sought insights into location patterns and dynamics. Weber also transitioned into sociology and became a prominent figure in the academic movement against fascism in Germany. Detractors of Weber's approach argue that he did not return to formal location analysis after his initial work, suggesting that he aligns more with the historical school rather than the school of formal economic analysis. This perspective challenges the conclusions drawn by scholars such as Blaug (1979) and Ponsard (1983). Tord Palander, a scholar who has extensively studied Weber's theory and its limitations, acknowledged the significance of Weber's model in understanding "pure" economics. Palander recognized Weber's departure from formal location analysis and, contrary to the views of some scholars, placed him within the historical school. Alfred Weber's contributions to location theory, particularly in the domain of industrial

movements and the factors influencing them, firmly position him as a genuine successor to Thünen. Despite criticisms regarding the lack of detailed auxiliary assumptions and historical analysis, Weber's classification of costs and emphasis on cost minimization rather than profit maximization provided valuable insights. Although critics have raised concerns about Weber's divergence from formal location analysis, his contributions to the field of location theory remain influential and significant.

Investigating the Laws of City Distribution

Walter Christaller, a distinguished geographer, made substantial contributions to the study of city distribution. In line with his predecessors Thünen and Weber, Christaller challenged the prevailing belief that historical investigations and statistical methods alone were sufficient to reveal true laws. Instead, he sought to provide a comprehensive explanation and discover laws by isolating key relationships and developing a theory that specifically focused on the location of retail shops. A notable aspect of Christaller's work was his shift from studying the location decisions of individual producers, as Thünen and Weber had done, to adopting a broader systems-level perspective that encompassed cities and their market areas. This shift facilitated a more comprehensive understanding of the dynamics at play in cities and markets, accounting for their interdependencies and interactions. Initially, Christaller's work was met with skepticism due to its abstract nature. His advisor, Robert Gradman, deemed it excessively theoretical. It was only when August Lösch introduced Christaller's ideas to Edward L. Ullman, who was working on his own "Theory of Location of Cities," that Christaller began to gain recognition among quantitative geographers in the United States. Subsequently, he became a revered figure in their field, and his ideas wielded significant influence. During the 1960s and 1970s, with the quantitative revolt in German geography and the dissemination of his work through English-language textbooks, Christaller's ideas experienced a resurgence and gained esteem. However, it is important to note that he was not fully appreciated in the geographical community during his time. So, Walter Christaller's quest for discovering the laws governing city distribution led him to develop a theory that focused on the location of retail shops. His shift from analyzing individual producer decisions to studying cities and market areas expanded our comprehension of the forces shaping urban landscapes. Although his ideas initially faced criticism and lacked high regard during his era, they eventually gained recognition, particularly in the United States, and underwent a resurgence within German geography during the quantitative revolution. Christaller's contributions have had a lasting impact on the field of geography and continue to shape our understanding of urban systems.

Expanding Central Place Theory and Embracing Historical Analysis

August Lösch, a prominent German location theorist, made significant contributions to the field by extending Walter Christaller's central place hierarchy to include agriculture and production in his analysis. Lösch's approach centered on competing producers' market areas, deviating from Thünen and Weber's microeconomic perspectives. A crucial aspect of Lösch's work was the integration of equilibrium and historical analysis. Collaborating with Joseph Schumpeter, who drew influence from Carl Menger's equilibrium economics while recognizing the importance of dynamic and historical analysis, Lösch blended abstract theories with concrete, historical, and empirical studies. This methodology enabled him to comprehensively understand location decisions, encompassing both long-term equilibrium trends and the dynamic factors that shape real-world scenarios. Similar to his predecessors Thünen, Weber, Ritschl, Palander, and Christaller, Lösch deeply acknowledged the disparity between real and idealized location patterns. He understood the practical implications of location decisions and the need to consider the complexities of the physical and economic environment. This awareness guided his research and analysis, ensuring that his work remained firmly grounded in empirical reality while offering valuable theoretical insights.

Lösch's contributions to location theory can be viewed as part of the rich tradition of German location theorists who harmonized abstract, general theories with empirical research. This group of scholars combined theoretical insights with historical and concrete analyses to develop a holistic

understanding of location dynamics. Lösch's work represented the culmination of this tradition, building upon the foundations laid by his predecessors and advancing the field through his own contributions. However, it is worth noting that Lösch's emphasis on macroeconomics within regional science led to a shift away from focusing on the location decisions of individuals and firms in partial equilibrium conditions. While this shift allowed for more comprehensive insights into regional dynamics, it may have also contributed to the marginalization of location theory within economics. This marginalization could potentially lead to the loss of valuable insights into the factors influencing the location decisions of individuals and firms, which could have enriched our understanding of economic processes. In conclusion, August Lösch's contributions to location theory expanded the central theory of location by incorporating historical analysis. His collaboration with Schumpeter and his recognition of real and ideal location patterns exemplify the tradition of German location theorists who combined theoretical and empirical approaches. However, the shift to macroeconomics and subsequent marginalization of location theory may have resulted in the loss of valuable insights into individual and firm location decisions within economics. Despite this potential limitation, Lösch's work remains influential and represents a significant contribution to the field of location theory.

Discussion

The integration of historical analysis and theoretical abstraction in location theory is a fascinating and valuable approach that illuminates the complex interplay between space, economic activity, and social dynamics. By recognizing the importance of historical and geographic contexts in shaping spatial patterns, location theorists have provided valuable insights into the distribution of economic activity. A notable aspect of location theory is its emphasis on the complementarity of abstract models and historical analysis. Abstract models help isolate underlying causal relationships, but they are artificial representations that must be validated against real-world phenomena. Integrating historical analysis provides a deeper understanding of the dynamics and processes that influence the distribution of economic activity and provides a more accurate representation of spatial patterns. It is unfortunate, however, that the dominance of the German historical school in economics has hindered the development and recognition of location theory. This delay has led to a neglect of space in mainstream economic analysis. As a result, the field of location theory and regional science has lost influence in economics. Nevertheless, a positive trend can be observed in contemporary evolutionary economic geography, where geography has returned to its roots of historical analysis and abstract thinking and has recognized the enduring value of location theory. In terms of relevant economic development research, location theory offers valuable insights into the factors that shape economic activities in different regions. By understanding the historical and geographic context, policymakers and researchers can make informed decisions about resource allocation, infrastructure development, and economic planning. Location theory also provides a framework for analyzing spatial disparities, regional inequalities, and the effects of agglomeration effects, culture, history, and institutions on industry location decisions.

As the field of location theory continues to evolve, it is important to recognize its importance in understanding spatial phenomena and its potential for further advances in economic geography. Incorporating historical analysis alongside theoretical abstraction allows us to gain a comprehensive understanding of the spatial dynamics of economic activity, leading to more effective policy interventions and promoting sustainable economic development. Thus, the integration of historical analysis and theoretical abstraction in location theory enriches our understanding of spatial patterns and their economic impacts. Despite its delayed recognition, location theory remains relevant and offers valuable insights for economic development research. If we recognize the enduring value of location theory and its potential for further advances, we can harness its power to inform economic decisions and promote balanced regional development.

Target audience and pedagogical aspects

This essay is intended for students of economics and geography, as well as those who have a strong interest in research in economics-related fields. It serves as a valuable resource for individuals

seeking to expand their knowledge and understanding of location theory, particularly its integration of historical analysis and theoretical abstraction. For students, this paper offers insights into the historical and geographic contexts that shape spatial patterns and illuminates the multiple factors that influence economic activity. By emphasizing the need to supplement abstract models with historical analysis, students can develop a deeper understanding of real spatial phenomena and their underlying dynamics.

This essay is also of great importance to researchers studying economic geography, as it explores the legacy and importance of location theory and its enduring value. The integration of historical analysis and theoretical abstraction opens avenues for further investigation, allowing researchers to discover new perspectives and contribute to advances in economic geography. Educators and teachers can thus use this paper as a teaching tool to introduce students to the basic concepts of location theory and its interdisciplinary nature. It provides educators with valuable content to facilitate classroom discussions, promote critical thinking, and develop a deeper understanding of the complexity of spatial dynamics in economic geography. Thus, students, researchers, and educators alike can gain valuable insights and understanding from this essay, which explores the integration of historical analysis and theoretical abstraction in location theory. It serves as a valuable educational resource that promotes intellectual growth and encourages further research in economics and geography.

Conclusion

So, location theory's enduring legacy and profound significance become evident when considering the key questions explored throughout this discourse. Location theorists have consistently acknowledged the crucial role played by historical and geographical contexts in shaping spatial patterns. While abstraction is employed to isolate fundamental causal relationships, it is crucial to recognize that these assumptions, although artificial, have tangible connections to observed phenomena. A fundamental insight derived from the study of location theory is the recognition that abstract models must be complemented by historical analysis to elucidate spatial patterns in the real world. This integration of historical analysis not only enhances our understanding but also provides deeper insights into the dynamics and processes governing economic activity distribution. However, it is important to note that the predominance of the German historical school in economics resulted in delayed development of location theory until alternative approaches, such as Carl Menger's critique, were introduced. Consequently, location theory and regional science have gradually lost influence within mainstream economics, leading to a neglect of space in economic analysis. Nevertheless, geography has embraced alternative approaches, returning to the principles of historical analysis and abstract thinking as a means to approximate modern evolutionary economic geography. This resurgence underscores the enduring value of location theory and emphasizes its ongoing relevance in comprehending the intricate interplay between space, economic activity, and social dynamics.

Thus, the legacy of location theory lies in its capacity to provide profound insights into the spatial patterns and dynamics of economic activities. By bridging the gap between theoretical abstraction and historical analysis, location theorists have significantly contributed to our understanding of how location decisions shape the socioeconomic landscape. As the field continues to evolve, it remains imperative to acknowledge the pivotal role of location theory in advancing our comprehension of spatial phenomena and its potential for further advancements in economic geography.

Acknowledgments: The author would like to thank the anonymous reviewers of the journal for their valuable feedback and suggestions, which contributed significantly to the improvement of this paper.

Conflicts of Interest: The authors declare no conflicts of interest. This research was not funded, and there are no special interests to disclose.

References

- Essletzbichler, J. (2011). Locating location models. *The SAGE Handbook of economic geography*, 23-38.
- Fujita, M., Krugman, P. R., & Venables, A. (2001). *The spatial economy: Cities, regions, and international trade*. MIT Press.
- Storper, M. (1997). *The regional world: territorial development in a global economy*. Guilford press.
- Henderson, J. V. (1986). The urbanization process and economic growth: The so-what question. *Journal of Economic Growth*, 1(4), 391-411.
- Krugman, P. (1991). *Geography and trade*. MIT Press.
- Glaeser, E. L. (2011). *Triumph of the city: How our greatest invention makes us richer, smarter, greener, healthier, and happier*. Penguin Books.
- Porter, M. E. (1998). Clusters and the new economics of competition. *Harvard Business Review*, 76(6), 77-90.
- Fujita, M., Krugman, P., & Venables, A. J. (2001). *The spatial economy: Cities, regions, and international trade* (2nd ed.). MIT Press.
- Hall, P. (1998). *Cities in civilization: Culture, innovation, and urban order*. Weidenfeld & Nicolson.
- Martin, R. (2009). The local geographies of the financial crisis: From the housing bubble to economic recession and beyond. *Journal of Economic Geography*, 9(5), 587-618.
- Florida, R. (2002). *The rise of the creative class: And how it's transforming work, leisure, community and everyday life*. Basic Books.
- Rodrik, D. (2018). *Straight talk on trade: Ideas for a sane world economy*. Princeton University Press.

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of MDPI and/or the editor(s). MDPI and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.