This book contains those revised lectures given on “Theory and Policy of Regional Competition” at the Eleventh European Advanced Studies Institute in Regional Science, 1998. The research on Regional competition is timely and challenging because the globalization of the economy has experienced very rapidly and very drastically for this last decade. The 13 articles which make up the book are, without exception, of superb quality. They are very stimulating to me. I could get much knowledge on the various approaches toward the studies of regional competition.

In chapter one, six articles concentrated on the research of competition model. W. Buhr deals with the supply-demand determination of regional equilibrium incomes in regional goods markets in a growth context. Then changes in factor stock show the dynamics of the model. H. Bobzin tries the computer simulation analysis, based on Buhr’s paper, with the growth effects on the generation, distribution, and use of income. S.T.Jutila shows how a locational decision maker plays a game with regions in an attempt to extract the best possible deal for the location of his facility.

H.P.Paelinck exposes the static equation system and the sequential model which extend Tnbergen –Bos System, developed in the sixties, for general spatial economic equilibrium model. Y. Miyata examines the intertemporal interaction between economic activities and CO₂ emissions in Japan. W. Shultz shows the effects of import duties and export subsidies on international duopolies using symmetric and asymmetric ad valorem and specific tariffs and subsidies. This is written very well. In particular, the conclusion that an asymmetric specific subsidy increases the quantity of the goods and an asymmetric ad valoren subsidy limits the quality of goods is very striking. Perhaps we needs to examine on how this conclusion is robust.

In Chapter two, three papers make contribution to the research on infrastructure as determinant of regional competition. J. Brocker introduces a computable spatial general equilibrium model with costly interregional trade and stimulate transport cost reductions under perfect competition with constant returns to scale and monopolistic competition with increasing returns and free entry. This paper is interesting because this is only one article to introduce the discussion of increasing returns. But this is limited to a numerical experiment with a case from the real world. Further theoretical investigations are needed to make this paper more attractive.

B.Dejon writes a new and original paper titled by “Rectangular Type Networks in Spatial Competition Analysis”. Here two examples form single product spatial competition are applied to network equilibrium problems of the non-integrable non-separable type. This analysis is also treated in multi-commodities spatial competition model. Y.Higano analyzes the general Pigouvian tax and subsidy scheme in the framwork of a closed information-oriented circular city of the von Thunen Alonso-type. Then since there exists both external diseconomies due to the traffic congestion of commuting and external economies due to the input of land in the transportation
sector, a corrected market equilibrium is introduced and Pigouvian conditions are found for a
certain Pareto optimum restored by the corrected market to be socially optimum. This model
describes modern version of Thunen-Alsonso type and offers an interesting original and useful
framework. This paper also the meaning of the Coase Theorem in the context of the spatial
equilibrium of the city. However as the author mentions, we need to investigate the possibility of
the arbitration through a spontaneous market. In chapter three, 4 articles are included to study
the various kind of methodology of regional competition. Y.Kimura provides an modified formula
for minimum variance ratio estimation by generalising a classical theorem on minimization of the
the ratio of two quadratic forms. J.R.Roy contains spatial interaction models enhanced with
microeconomics and illustrates the general principles by developing some multi-activity short run
demand and supply models via an information-theoretic approach. A.Schmutzler and A.Polk give
a brief account of recent attempts to improve the understanding of juridictional competition with
the help of game-theoretic models. After the survey of this approach, they predict that there is a
fair chance that game-theoretical research on regional competition will eventually lead to the
Industrial-Organization-Theory-Syndrome. Of course it is a story. But we had better proceed
with our own work. Lastly F. Leibbrand deals with political platforms concerning redistribution of
competing parties. Particularly, whether it is rational for both parties to have different position is
examined. As consequence the party's optimal positioning is with the medium income voter within
the two-dimensional inequality-growth framework. This approach is very unique and interesting.
Perhaps this is evaluated as one of excellent works of new political economics. Since this conclu-

Thus this book contains various kind of approaches on regional competition. But one more
should have been contained. It is a new economic geography approach.

Anyway, let me hasten to add that I feel very much impressed by what the authors have already
achieved. The present volume hopfully serves as a pioneering guidline for the research of regional
competition.