

# European regional agglomeration: Central Place Theory, New Economic Geography and other geographic perspectives

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## Abstract

Empirical estimations of the so called ‘wage equation’ of the New Economic Geography (NEG) has been very successful. For the European regions, some previous literature has shown that the structural estimation of a NEG equation shows very similar results to those obtained with the old techniques of Regional Economics, based on outdated concepts of ‘social physics’ and ‘demographic gravitation’. This is the first paper explaining that conclusion. We show that the estimation results of a wage-type of equation can not distinguish an explanation based on the NEG from an explanation based on Central Place Theory. Moreover, we show that considering only the nearest neighbors the estimation results are similar to those considering a full variable of Market Potential. The reason is purely geographic: the core-periphery spatial pattern of per capita income in the European regions is well represented by the inverse distance to the nearest neighbor, only because peripheral regions tend to have bigger size. Geography dominates the economic explanations.

Talking the opportunity of this presentation, the author will also briefly summarize several ways of dealing with space in Economics: Spatial Econometrics, Multilevel Modelling and others.

## Biographical note:

Fernando Bruna is a visiting researcher at the Faculty of Economia until April 8<sup>th</sup>. He is Associate Professor of Macroeconomics at the University of A Coruña, Spain. After years as a researcher in the private sector, he earned his PhD in Economics in 2014. He also holds a MA in Applied Economic Modelling (1993), and three BAs, in Economics (1993), in Sociology (2014) and in Political Science (2021).

His research program is at the intersection of Economics, Geography, Sociology and Political Science, focusing in the analysis of contextual effects, which is the study of the dependency relationships between individual units (people, firms, regions, countries...) with respect to their context, mainly geographically but not necessarily (sector, time...). He works on firm innovation, well-being, human values and other socio-political issues. He has published in *Regional Studies*, *Journal of Happiness Studies*, *Papers in Regional Science* or *Social Indicators Research*.

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