Supply and Demand in Space

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What do recent advances in economic geography teach us about the spatial distribution of economic activity? We show that the equilibrium distribution of economic activity can be determined simply by the intersection of labor supply and demand curves. We discuss how to estimate these curves and highlight the importance of global geography – i.e. the connections between locations through the trading network – in determining how various policy relevant changes to geography shape the spatial economy.

**Url:**<https://www.nber.org/papers/w30598>