

# Location and organization choice of firms

Kenmei Tsubota\*

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## Abstract

Typical implicit assumption on increasing returns to scale sector is that firms can produce and sale only at one place. We explicitly introduce multi-plant case and examine location equilibrium with decreasing transpiration costs in a two-region model of monopolistic competition with mobile entrepreneurs. The difference between single-plant and multi-plant firms lies in export-fixed cost and set-up fixed cost of multi-plant. We examine the stability of organization and location change and we discuss the factors which shape equilibrium under symmetric distribution and core-periphery structure of firms.

**JEL Classification :** D21, F12, L23, R12,

**Keywords :** Economic Integration, Organization of Production, Horizontal FDI, Export Fixed Cost, Transaction Cost

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\*Institute of Economic Research , Kyoto University, Japan: (*Email:tsubota@kier.kyoto-u.ac.jp*)