Economic Geography

California State University
Northridge
Two Great Revolutions

• The first agricultural revolution…the domestication of plants
• The Industrial Revolution
  – urbanization, transportation, philosophy, science, demography revolutions
• The Information Revolution?
Three Types of Industry

• Primary - extractive
• Secondary - manufacturing
• Tertiary – retailing and services
  – Some authors also include as subsections of tertiary
    • Quaternary – information sector, research
    • Quinary – Government
      – (teaching, police, government activity)
Primary Industry

- extractive industries of all sorts
  - Farming, drilling, mining
  - “from the ground”
- sometimes spurs on manufacturing
- frequently environmentally destructive
- sometimes controlled by outsiders
  - What is one of Los Angeles’ primary industries?
Los Angeles
Primary Landscapes - Open Pit Mine (fig)
Primary Landscapes- Chemical Fields (fig)
Primary Landscapes- Potash Mine Slag Pile (fig)
Primary Industry - Oil Drilling (fig)
Oil Spill (fig)
Rainforest Destruction (fig)
Primary Landscape? (fig)
Secondary Industry

- Essentially the processing of products produced by primary industries.
- Frequently considered synonymous with manufacturing.
- Value added.
- Shows core and periphery patterns and may lead to uneven development.
- Regions specialize in types of manufacturing.
- Name a secondary industry in Los Angeles.
LA Manufacturing
Good jobs, but often with pollution (fig)
Secondary and Tertiary Landscapes (fig)
Acid Rain’s Effects (fig)
US Environmental Pollution (fig)
Tertiary Industry

• Service sector
• Now much more important in the United States than before 1970
• Includes retail, research, transportation, communication, utilities, tourism, etc.
• Multiplier leakage & increasing concentration of power and wealth
• Bifurcation of service sector
Retail Site Location

- Some students get jobs locating the “next McDonalds” or helping decide which stores go with which others in the mall.
- Essentially involves mapping and analyzing demographic, traffic and shopping patterns.
- Excellent earning potential.
Tourism

- Tourism is world’s largest business
- It’s a “basic industry”
- Well spread, but often suffers from *multiplier leakage*
- Seacoasts, mountains, rural areas benefit
  - Las Vegas, Yosemite, Big Sur
- Historical and cultural locations also big
- Los Angeles
Industrial Landscapes? (fig)
Tourism-East (fig)
Q: Multiplier leakage is a problem with which of the following local businesses?

• A. The Northridge Medical Center
• B. A local farmer’s market
• C. Rite-Aid Pharmacy
• D. Taco Llama #5
Quaternary Industry

- Subsection of the service sector
- “services required by producers”
- trade, wholesaling, retailing, advertising, banking, legal, insurance, real estate
- information production & management
- major growth sector today
Quaternary Industry

- High skill labor
- Locate near major universities
- Amenity seeking
- "silicon landscapes"
- Richard Florida’s thesis

- High quality of life, not low taxes, is key to the promotion of new economy jobs.
US Manufacturing Zones and Technopoles (fig)
Industrial Site Location

• Alfred Weber: the father of industrial location theory, a career path that can be very lucrative.

• Site location considerations include:
  – Land
  – Capital
  – Labor Costs
  – Labor Skill
    • worker productivity also considered
  – Markets
  – Materials
Q: According to Richard Florida, locations high taxes actually help attract good paying jobs. Which location is an example?

• A. Silicon Valley, California
• B. Atlanta, Georgia
• C. Lexington, Kentucky
• D. Boise, Idaho
The Industrial Revolution

• Where did the industrial revolution begin?
• Why there? Where in the US?
• England with cottage & guild industries during the 1700s
• Early products were crafted by machines powered by inanimate sources.
• What is an example of an inanimate source?
• Textiling, metallurgy, mining industries were early to capitalize on machine power.
Markets and Materials

- Some industries need to locate close to their market, especially if their product is *bulk gaining*.
- Some industries have a raw materials orientation, particularly when they are producing *bulk reducing* commodities.
- Some industries need to be close to others, and produce *agglomeration economics*.
- Can you think why? Examples?
Bud and Miller Plants

Map showing the locations of Bud and Miller plants across the United States.
Westward Steel

• Bulk reducing
• Note the westward migration of steel production in the US.
• What factors account for this movement?
Automobile Production

• Bulk gaining activity
• Michigan/Detroit losing share
• What factors account for the location patterns?
• Where locally did there once exist a car factory?
• Local loser?
• Loss pattern?
Delivery - Transportation

- Ship, rail, truck, or air?
- Depends on perishability, bulk and distance
- Longer-distance transport is cheaper per mile due to loading labor (short haul penalty)
  - Trucks short-distance; trains longer
  - Boats very long; cost per mile very low
  - Air most expensive; speedy, high-value
Break-of-Bulk Points

- Costs rise each time products are transferred – labor costs
- Break-of-Bulk – a location where transfer among transportation modes is possible
- Temporary warehousing
- Multiple mode may be cheaper
- Seaports and airports
- Intermodal / containerization
Just-in-Time Delivery

• Delivered when needed without warehousing
• No inventory
• What implications for workers in such plants?
• Can you think of another instance of “just in time delivery” that affects you, perhaps when you are shopping?
Industries on the Move

• Movement has accelerated since 1970
• What is a footloose industry?
• What types of industry are less likely to move?
  – What is effect on wages and benefits?
• NAFTA
Hourly Wages

The chart compares hourly wages in different countries, showing the range from MDCs (Mature Developed Countries) and LDCs (Less Developed Countries). Countries are listed in descending order of hourly wages, with the highest wages at the top and the lowest at the bottom. The chart highlights the significant differences in wages between developed and developing nations.
Q: Footloose industries tend to have which qualities?

• A. Low wages
• B. Job insecurity
• C. Poor Benefits
• D. All of these
NAFTA

• What has been the effect of NAFTA on the textiling industry?
• Which states have fared worst?
The Political Element

- Politics also effects industrial location.
- Many defense industries are sited with political and strategic priorities in mind.
- Industrial location is often affected by regulatory climate.
- Tax and tariff policies also affect industrial site location.
Environmental Factors in Industrial Location

• There is some measure of environmental concern creeping into industrial site location.
• Some companies avoid locations with environmental regulation.
• Some companies seek those locations.
Industrialization and Cultural Change

• Industrialization is the most potent ingredient in cultural change over the last 200 years.
• Modernism, as a philosophy and way of life is intimately tied to industrialization
• PROGRESS!!!