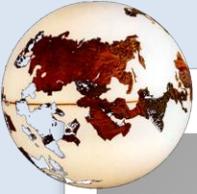




ECONOMIC GEOGRAPHY PART I

Commerce changes the fate and genius of nations.
-Thomas Gray



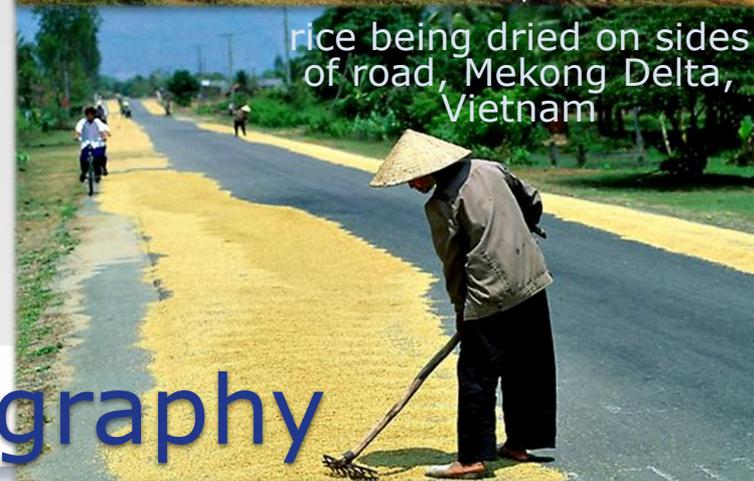
- ...the study of how people earn their living, how economic systems vary by area and how economic activities are spatially interrelated and linked
- We cannot evaluate the infinite variety of *all* the people of the earth and how they make their living.
- Instead, we seek consistencies and attempt to develop generalizations to understand the variations.



collecting clams, near Long Xuyen, Mekong Delta, Vietnam

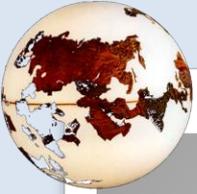


rice cultivation in Sa Pa, Vietnam



rice being dried on sides of road, Mekong Delta, Vietnam

Economic Geography



Natural

Raw materials
supplied by nature



Human

People who produce
goods and services



Capital

Money, products and
supplies used in the
production of good/
service

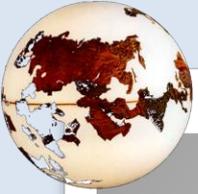
- [Resources](#)
- [Levels of Economic Activity](#)

Economic Geography Part I



RESOURCES

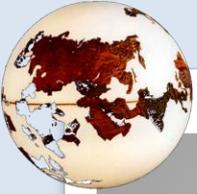
[Return to Table of Contents](#)



- Renewable resources replace themselves over time.
 - example: soil, water, forests
- Keep in mind that even renewable resources can be overused beyond the point at which they can renew themselves. Take a look at [Earth Overshoot Day](#).



Renewable Resources



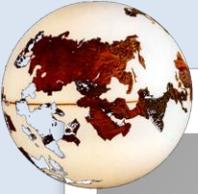
- Nonrenewable resources are resources that do not replace themselves. Once they're used, they're gone.
 - example: fossil fuels (oil, coal, natural gas), stones, metals (gold, iron, copper, bauxite)

Nonrenewable Resources



- **Costs**
 - resource depletion
 - environmental destruction
 - health problems
- **Benefits**
 - help produce goods and services
 - create employment opportunities
 - help develop new technologies

The Costs and Benefits of Using Natural Resources



- Human resources are man and his mind.
- Human resources depend on
 - level of education
 - whether labor is skilled or unskilled
 - the demand for managerial or entrepreneurial skills

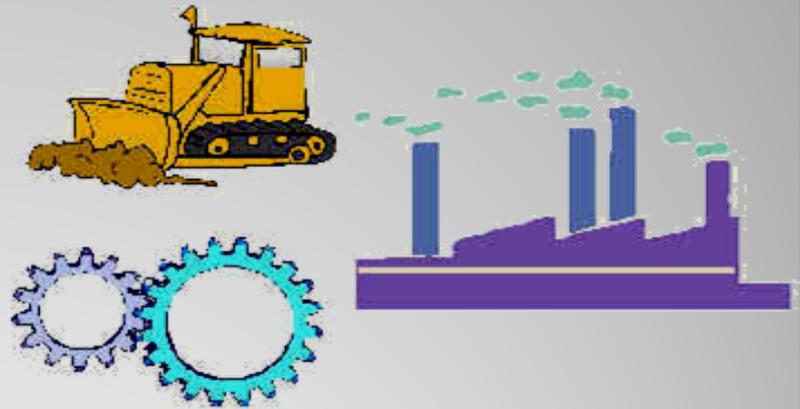


Human Resources



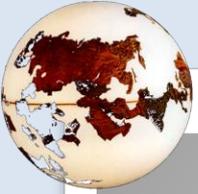
- ...resources that can be used to make more resources, such as money or tools
- Key features of capital:
 - the availability of money for lending
 - the level of infrastructure
 - the availability and use of tools, machines and technologies

CAPITAL GOODS



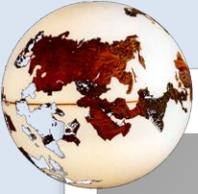
Machinery, tools, factories and commodities used in the production of goods.

Capital Resources



- Energy resources and technology change over time but each new resource/technology has its own costs.
 - wood: deforestation
 - coal: pollution, mining problems, competition with oil and gas
 - petroleum: transportation, environmental considerations
 - nuclear: contamination, waste
 - solar or wind: cost, aesthetics

Energy Resources and Technology



Pros

- cheap
- plentiful
- technology exists
- oil can be transported over long distances by pipeline

coal



crude oil



natural gas



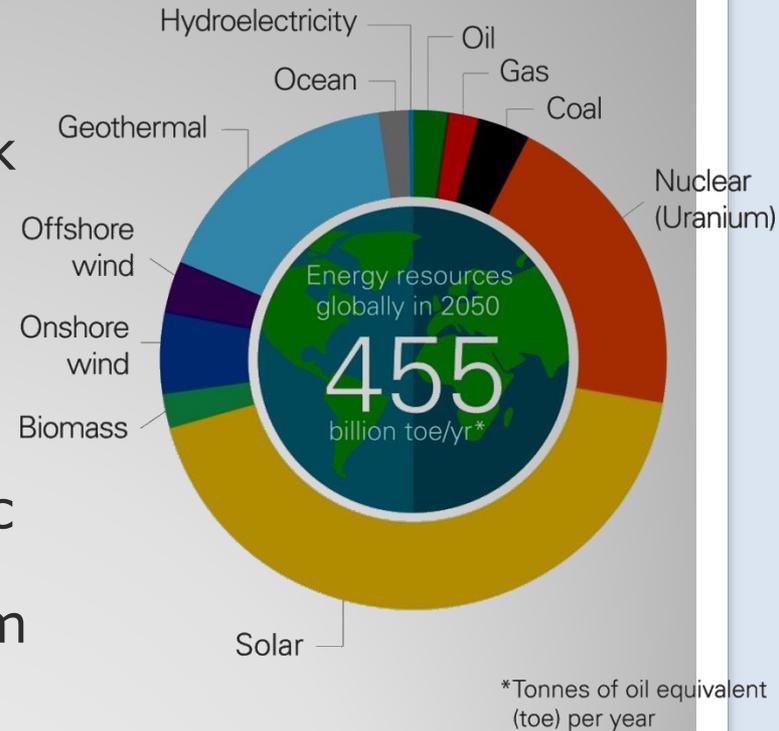
Cons

- contributes to climate change
- unsustainable (depletion of stock over time)
- becomes difficult to extract
- oil spillages, burst pipelines damage ecosystems
- mines destroy habitats
- coal not easily transported

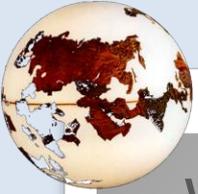
Fossil Fuels



- Resources affect patterns of development: cultivable land, energy sources, minerals. But changes in technology affect the value of these resources. Also, trade or lack of it can offset a lack of resources (Japan) or make resources less relevant (Brazil).
- **Technology Systems:** Roughly every 50 years since 1790 a new complex of technologies has revolutionized the world economic system and its structure. The most recent of these is the system which includes biotechnology, advanced materials (superconductors, solar power) and information technology.



Resources and Technology

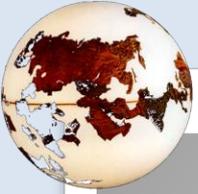


Which parts of the world benefited from the shift from coal to oil?

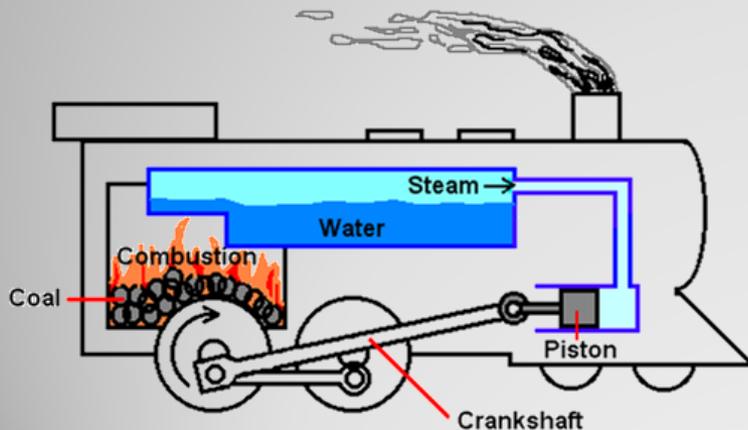
Which suffered?

Which parts of the world will benefit from the inevitable end of our reliance on petroleum and the necessary shift to wind, hydro, tide or solar power?

Resources and Technology



- Some new technologies create a demand for a particular natural resource.
 - Steam engines need coal to produce steam.
 - Internal combustion engines need gas.
 - The production of computer chips requires skilled labor.



Technology Creates Demand

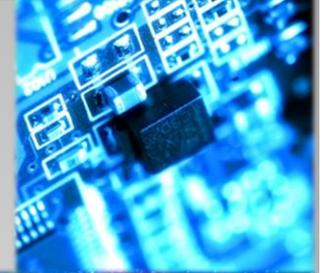


LEVELS OF ECONOMIC ACTIVITY

[Return to Table of Contents](#)



- A state's access to human, natural and capital resources influences its economic activity.
 - Does it have a skilled workforce?
 - Does it have natural resources?
 - Are its transportation and communication networks modern, outdated or nonexistent?
 - Does it have access to new technology?



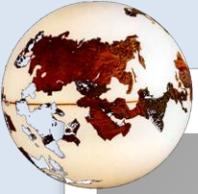
What influences economic activity?



- A state's location and ability to exchange goods influences its economic activity.
 - Is it landlocked?
 - Is it an island or coastal state?
 - How close is it to shipping lanes?
 - What is its access to communications?

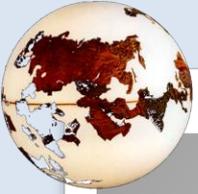


What influences economic activity?

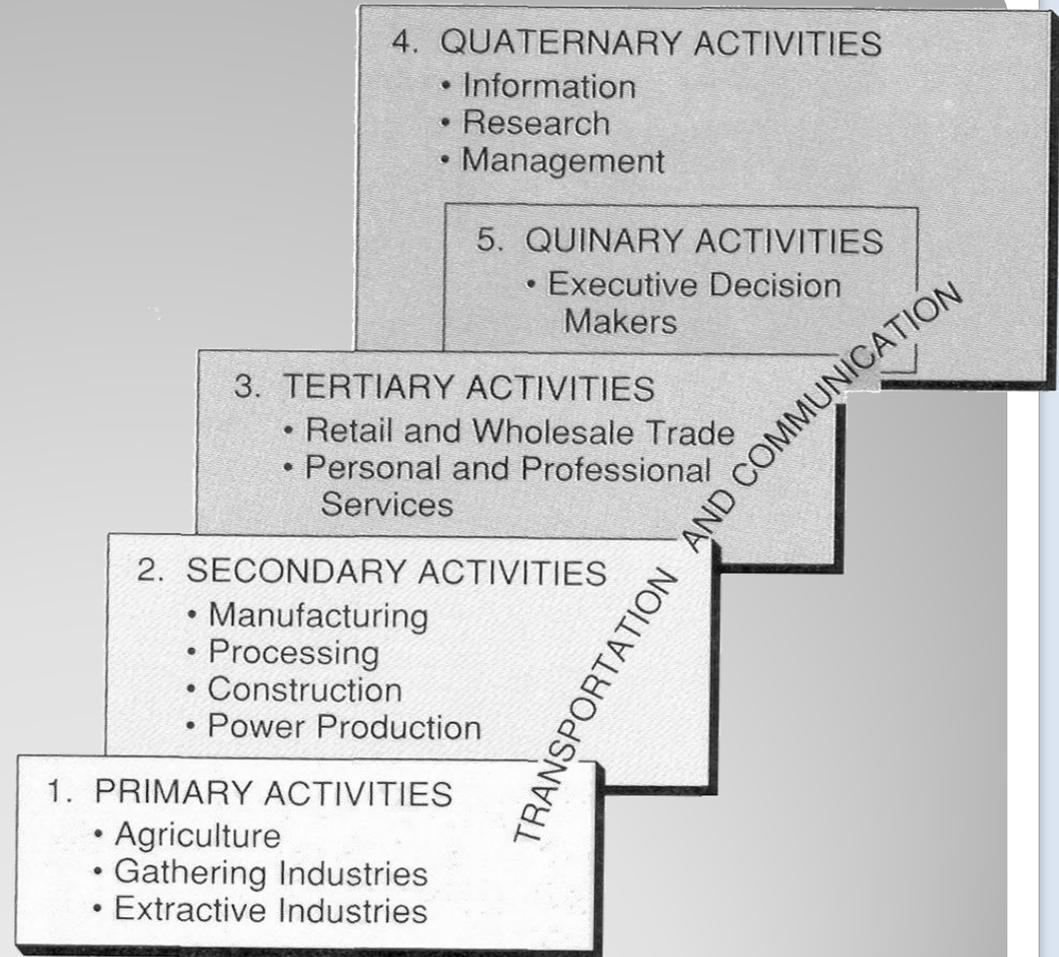


- A state's membership in a political or economic alliance that provides access to markets influences its economic activity.
 - example: the European Union (EU), the North American Free Trade Agreement (NAFTA), etc

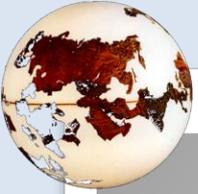
What influences economic activity?



The main sectors of the economy do not stand alone. They are connected and integrated by transportation and communication services and facilities not assigned to any single sector but not common to all.



Levels of Economic Activity



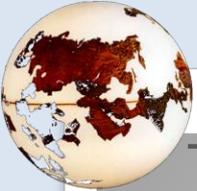
...those parts of the economy involved in making **natural resources** available for use for further processing

...activities dealing directly with the removal of natural resources, for example, fishing, hunting, subsistence agriculture, farming, mining, quarrying, forestry, etc

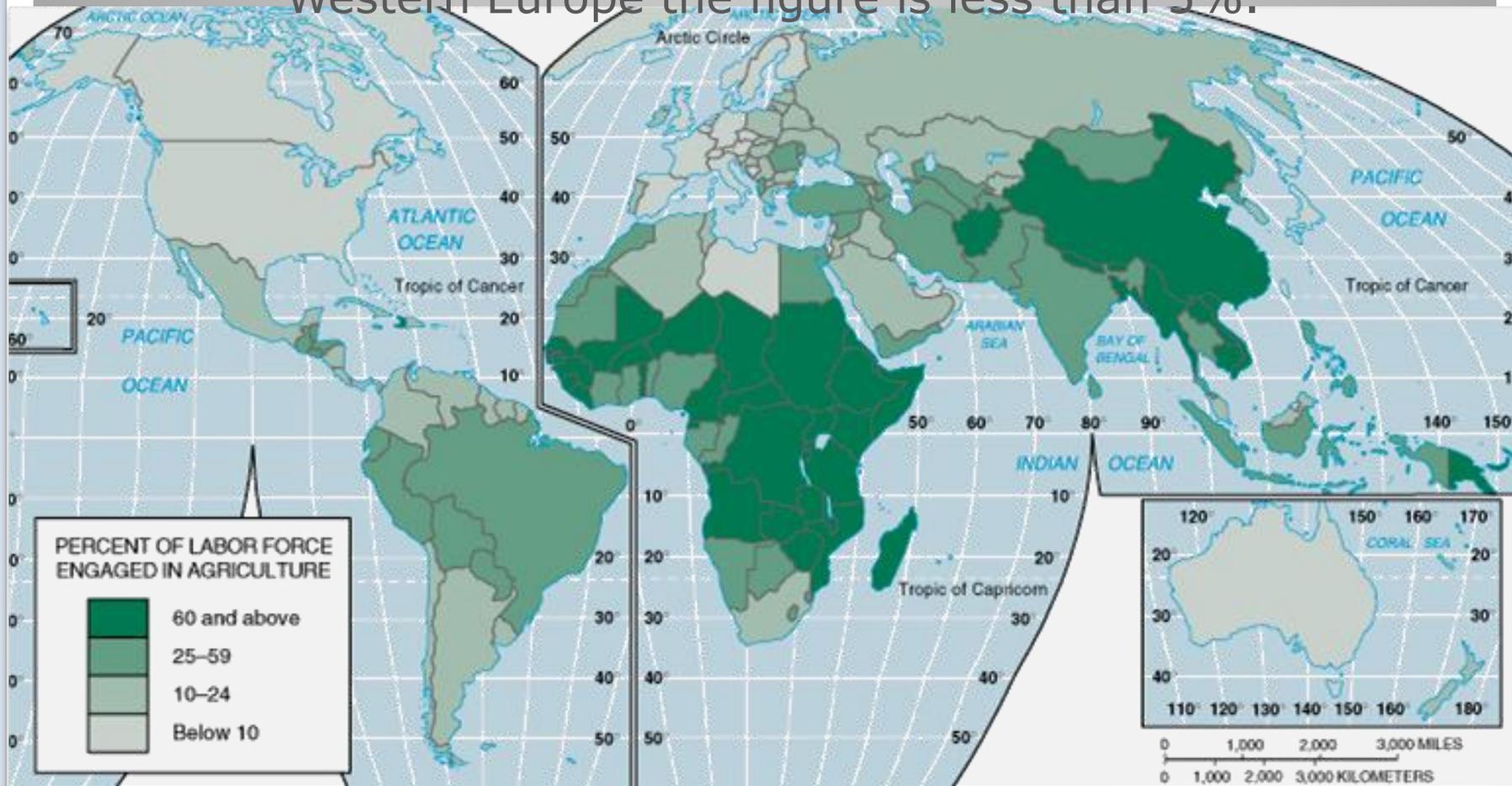
...of most importance to less developed states



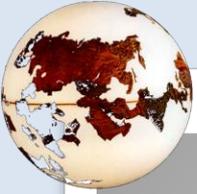
Primary Activities



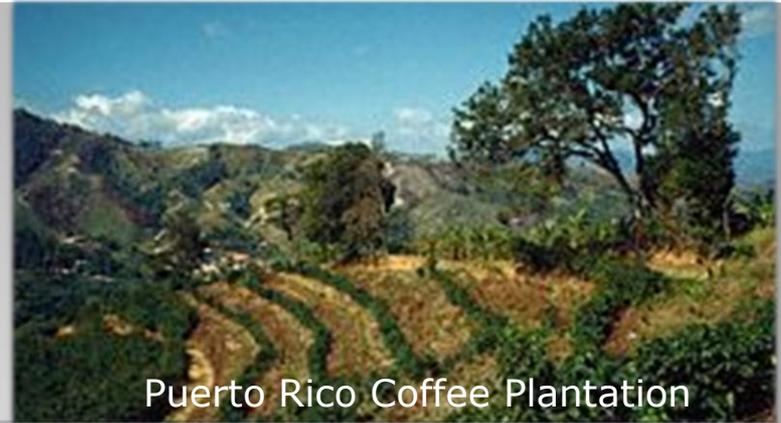
The percent of people working in agriculture exceeds 75% in many African and Asian states. In Anglo-America and Western Europe the figure is less than 5%.



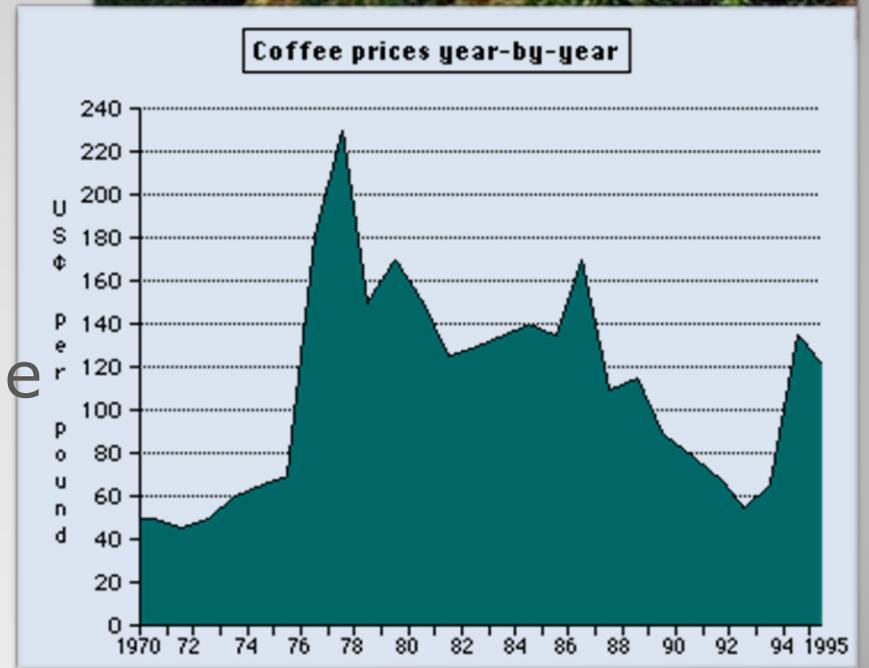
Primary Products



- Trade in primary products is important to developing economies.
- The prices for commodities are **unstable** over time.
- There is a danger of **commodity trade dependence** so that the economy never develops beyond that level.



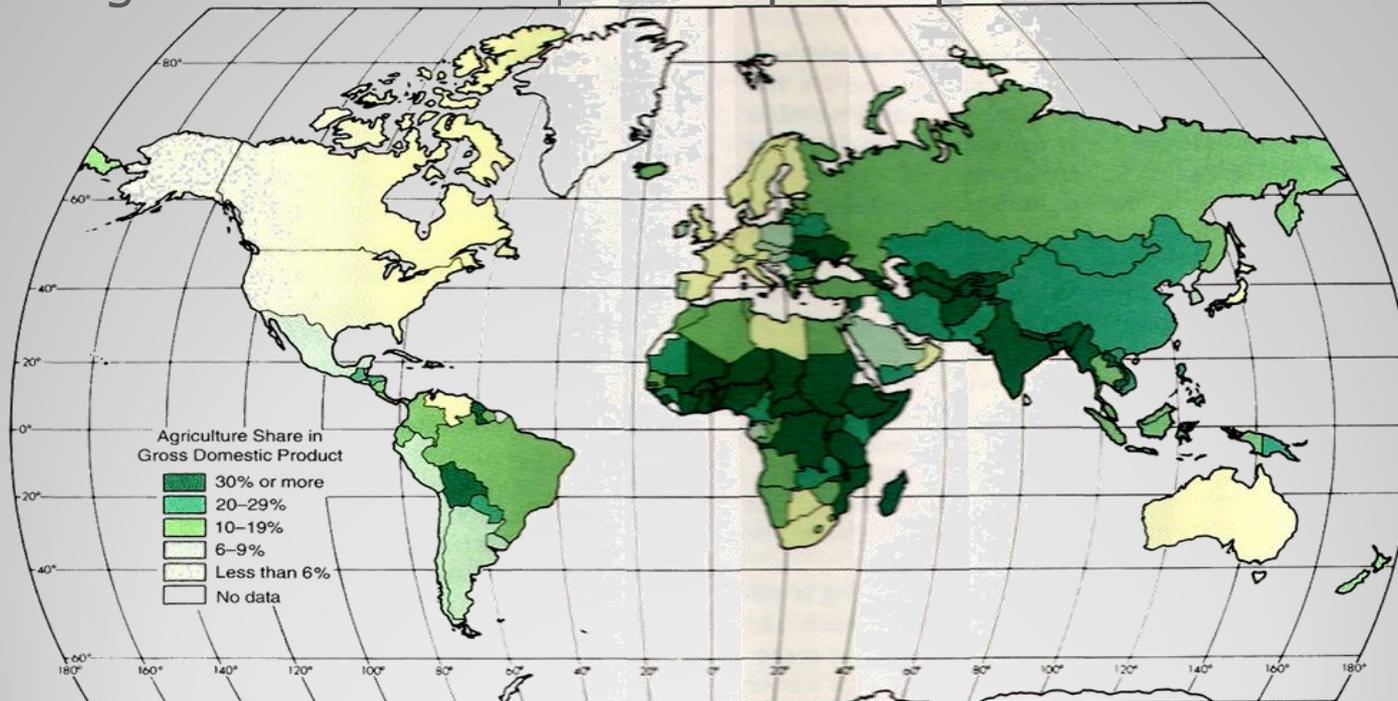
Puerto Rico Coffee Plantation



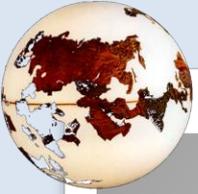
Trade in Primary Products



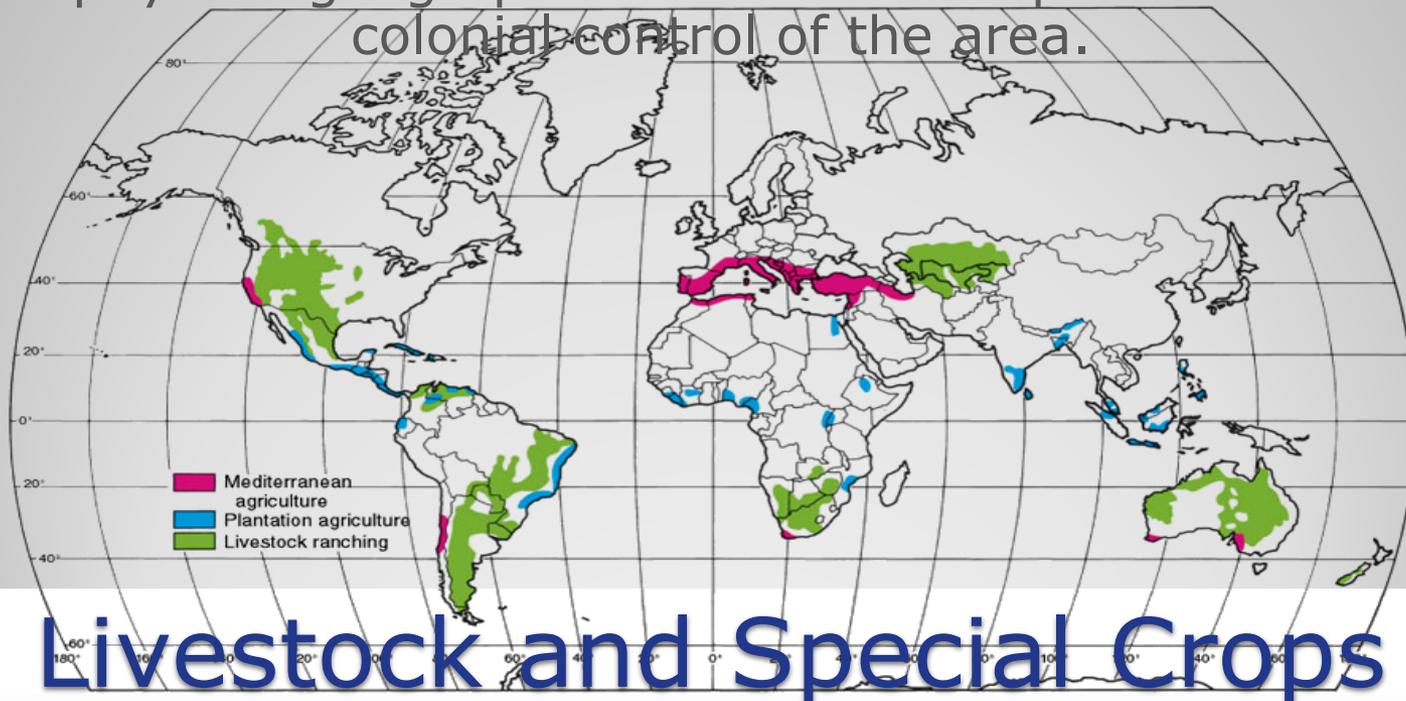
Agriculture contributes 30% or more of gross domestic product (the total output of goods and services produced by an economy) of at least 50 states worldwide. Most of them have developing economies and, collectively, those 50 states – comprising some 31% of world population – average less than US \$400 in per capita national income.



Share of Agriculture in GDP



Livestock ranching is primarily a midlatitude enterprise catering to the urban markets of industrialized states. Mediterranean and plantation agriculture are similarly oriented to the markets provided by the advanced economies of Western Europe and North America. Areas of Mediterranean agriculture specialize in commodities such as grapes, oranges, olives, peaches and vegetables. The specialized crops of plantation agriculture are influenced by both physical geographic conditions and present or former colonial control of the area.



Livestock and Special Crops



African Products



more than 80

60 to 80

40 to 59

Agriculture and Fishing

Chad (cotton)

Comoros (spices)
 Equatorial Guinea (cocoa, lumber)
 Iceland (seafood)
 Malawi (tobacco)
 Mali (cotton)
 Martinique (bananas)
 Rwanda (coffee)
 Saint Lucia (bananas)
 Sao Tome and Principe (cocoa)
 Seychelles (seafood)
 Solomon Islands (lumber)
 Somalia (seafood)
 Tonga (vanilla)
 Turkmenistan (cotton)
 Uganda (coffee)

Benin (cotton)
 Burkina Faso (cotton)
 Burma (lumber, opium^b)
 Burundi (coffee)
 Cambodia (lumber)
 Cape Verde (seafood)
 Cote d'Ivoire (cocoa)
 Cocos (Keeling) Islands (copra)
 Dominica (bananas)
 Ethiopia (coffee)
 Fiji (sugar)
 French Guiana (seafood)
 Guadeloupe (bananas)
 Guinea-Bissau (seafood)
 Kiribati (copra, seafood)
 Laos (lumber)
 Maldives (seafood)
 Mauritania (seafood)
 Mozambique (seafood)
 Pakistan (cotton)
 Saint Vincent and the Grenadines (bananas)
 Senegal (seafood)
 Sudan (cotton)
 Tajikistan (cotton)
 Uzbekistan (cotton)

Crude Oil and Petroleum Products

Algeria
 Angola
 Brunei
 Gabon
 Iran
 Iraq
 Kuwait
 Libya
 Nigeria
 Oman
 Qatar
 Saudi Arabia
 Syria
 United Arab Emirates
 Yemen

Egypt
 Georgia
 Venezuela

Cameroon
 Congo
 Norway
 Russia
 Trinidad and Tobago

Metals and Minerals

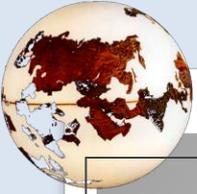
Nauru (phosphates)
 Zambia (copper)

Botswana (diamonds)
 Central African Republic (diamonds)
 Gambia, The (diamonds)
 Guinea (aluminum)
 Suriname (aluminum)

Liberia (diamonds)
 Mauritania (iron ore)
 Sierra Leone (diamonds)
 Togo (phosphates)
 Zaire (diamonds)



Products as a Percentage of Total Export Earnings



	Primary commodities as % of total export earnings	Principal nonfuel mineral as % of total export earnings
Mauritania	99.9	Iron ore (45.0)
Namibia	95.0	Diamonds (40.0)
Niger	97.9	Uranium (85.0)
Sierra Leone	63.2	Diamonds 32.0)
Togo	83.3	Phosphates (47.0)
Democratic Republic of the Congo	68.7	Copper (58.0)
Zambia	99.7	Copper (98.0)

Primary activities often lead to resource dependency (banana republic, oil state, etc).



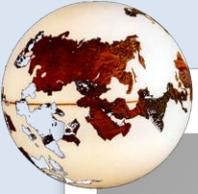
- ...heavy reliance on one specific resource
 - food
 - precious metal or stone
 - oil or a petroleum-related product
- blight or a downturn in the market = **big** financial and social problems



Oil Futures Price

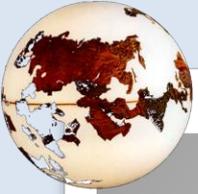


Resource Dependency



...activities involving the manufacturing and processing of natural resources, for example, steel mills, automobile assembly, sawmills, handicrafts, oil refining, etc

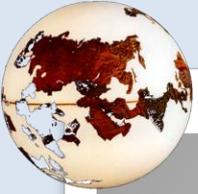
Secondary Activities



...processing and transforming natural resources: steel, textiles, auto assembly ... These used to be most important in MDCs, but increasingly important in the semi-periphery (Korea, Mexico, Brazil, Singapore)



Secondary Activities: Manufacturing



- ...include wholesale and retail trade, associated transportation, government services, etc
- fulfill the exchange function, provide market availability of commodities and bring together consumers and providers of services
- **service industries**, for example, transportation, retail trade, information services, technology services, etc

Tertiary Activities

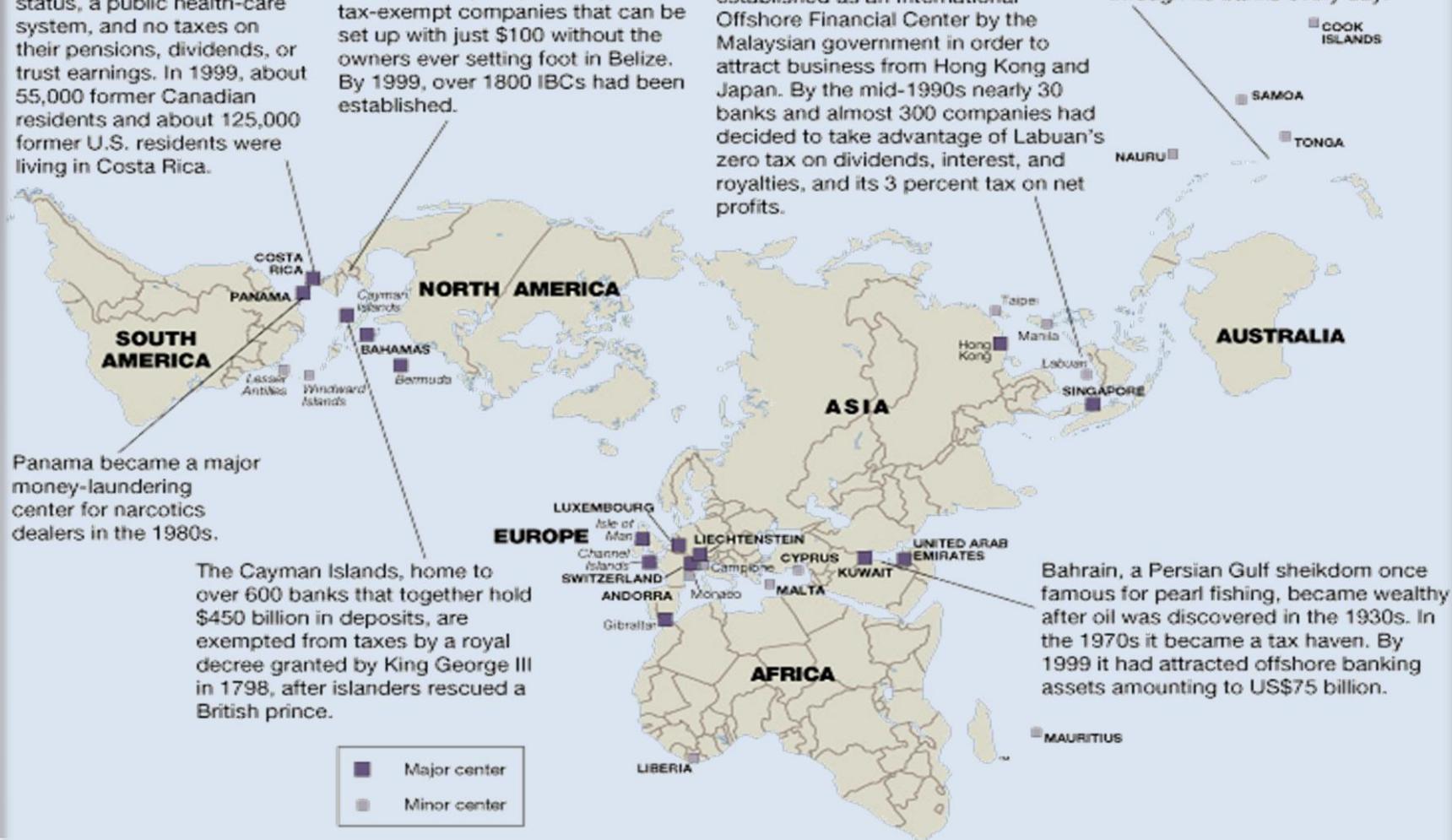


In addition to its role as an offshore tax haven, Costa Rica has become a haven for "pensionados"—retirees from North America who enjoy landed immigrant status, a public health-care system, and no taxes on their pensions, dividends, or trust earnings. In 1999, about 55,000 former Canadian residents and about 125,000 former U.S. residents were living in Costa Rica.

Belize set up shop as an offshore financial center with a 1989 law that authorized "International Business Companies" (IBCs)—anonymous, tax-exempt companies that can be set up with just \$100 without the owners ever setting foot in Belize. By 1999, over 1800 IBCs had been established.

Labuan, formerly a penal colony and pirates' lair, has been deliberately established as an International Offshore Financial Center by the Malaysian government in order to attract business from Hong Kong and Japan. By the mid-1990s nearly 30 banks and almost 300 companies had decided to take advantage of Labuan's zero tax on dividends, interest, and royalties, and its 3 percent tax on net profits.

Vanuatu, in the New Hebrides, has no laws against money laundering, no asset-seizure laws, no foreign-exchange controls, and no personal or corporate income taxes. About \$60 million passes through its banks every day.

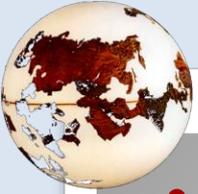


Panama became a major money-laundering center for narcotics dealers in the 1980s.

The Cayman Islands, home to over 600 banks that together hold \$450 billion in deposits, are exempted from taxes by a royal decree granted by King George III in 1798, after islanders rescued a British prince.

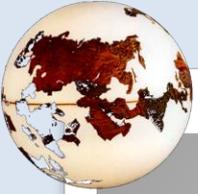
Bahrain, a Persian Gulf sheikdom once famous for pearl fishing, became wealthy after oil was discovered in the 1930s. In the 1970s it became a tax haven. By 1999 it had attracted offshore banking assets amounting to US\$75 billion.

Off-Shore Financial Centers



- ...provision of services in exchange for payment, includes retailing, banking, law, education, government, etc
- Education, research and development, and information technology are becoming most important in the **postindustrial core** regions.
- Less-developed states often focus on **tourism**.
- Services historically were clustered into settlements. Increasingly the most important service centers are massive **world cities**.

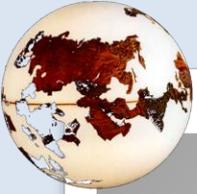
Tertiary Activities



Less-developed states often focus on tourism.



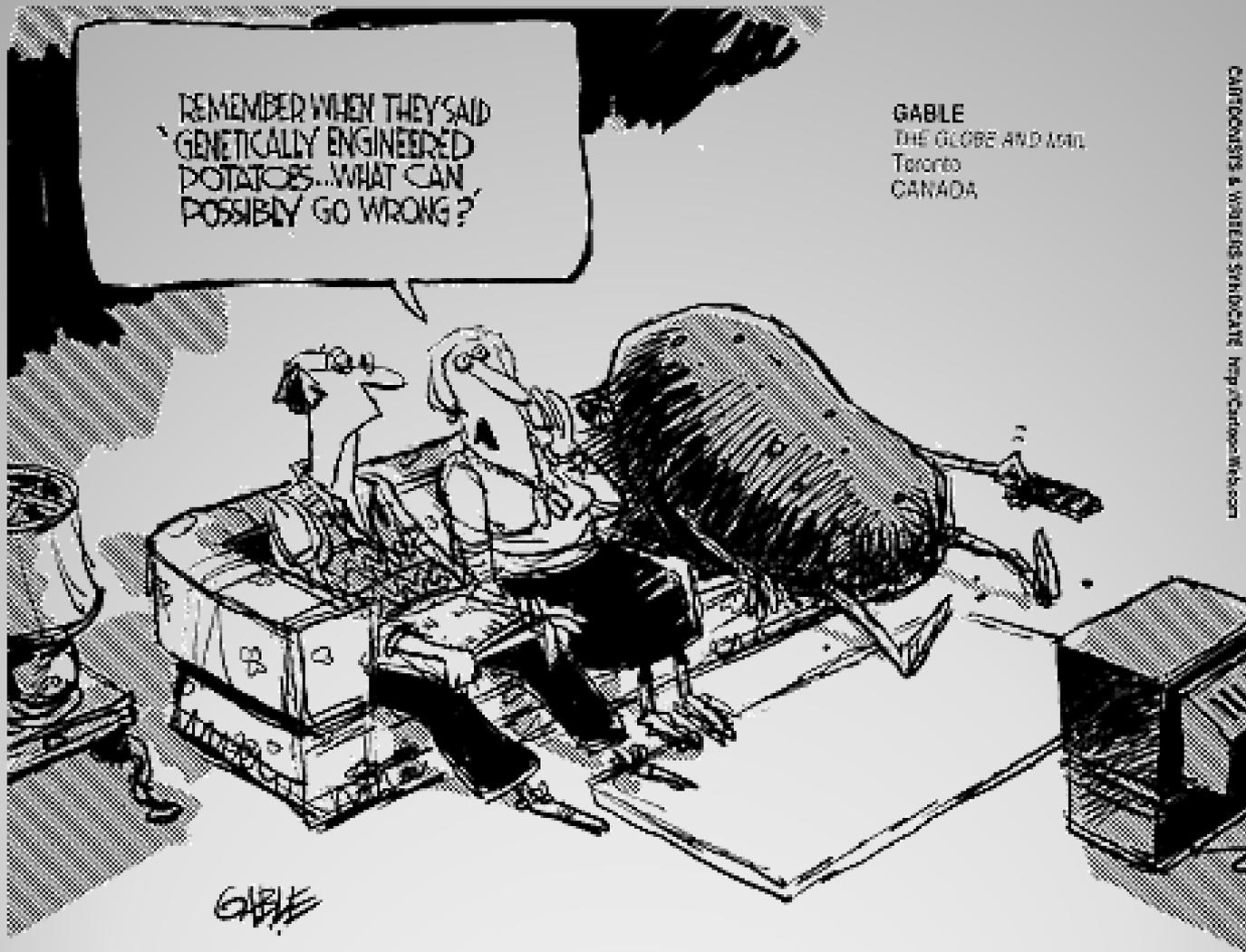
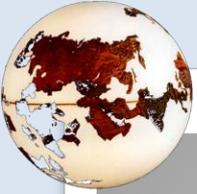
Tertiary Activities



- ...processing knowledge and information
- includes research, gathering and dissemination of information
- administration of other economic activity levels (often considered as a specialized subdivision of tertiary activities)
- white collar professionals working in education, government, management, information processing and research



Quaternary Activities



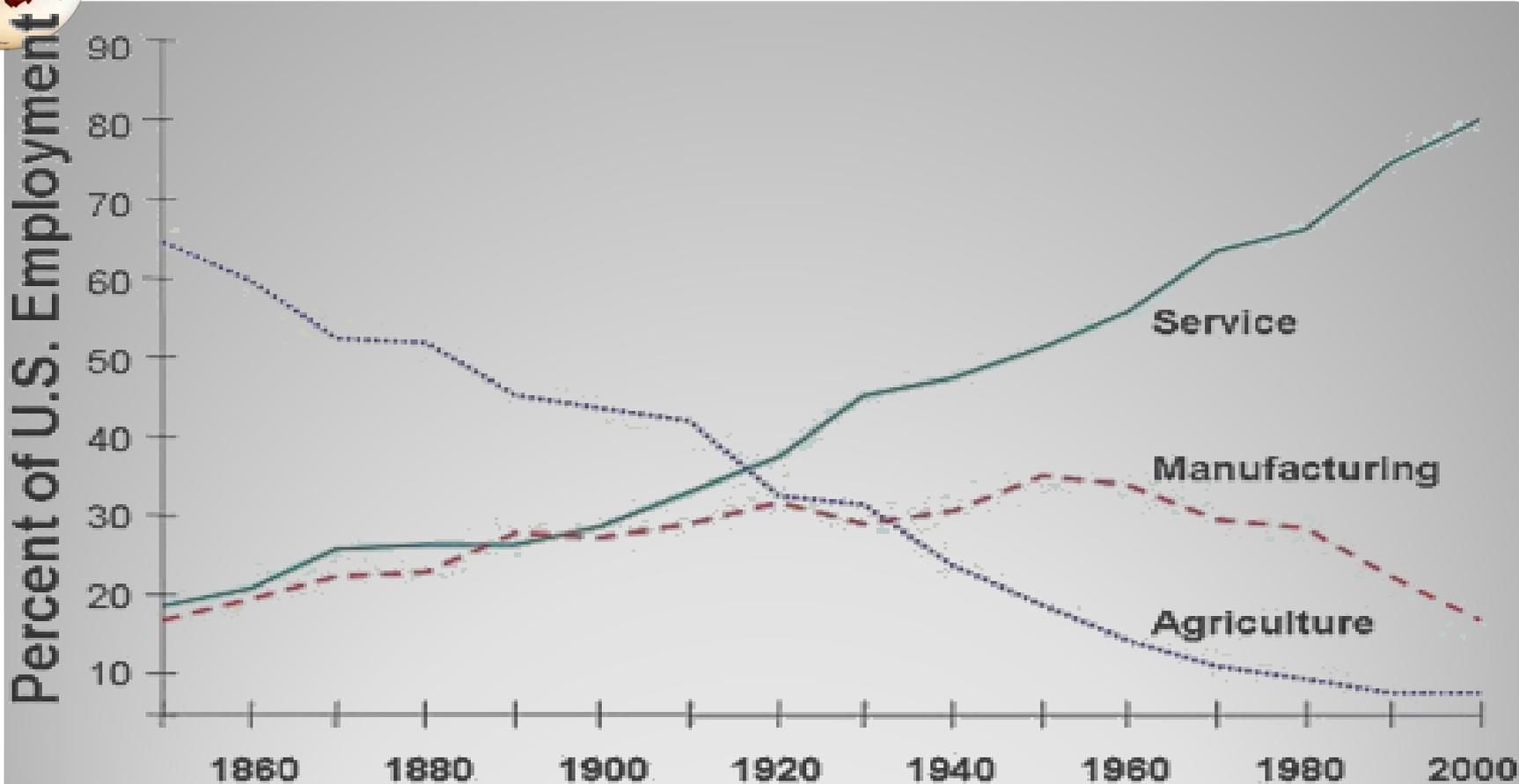
Quaternary Activities



- ...a sometimes separately recognized subsection of tertiary activity
- management functions involving the highest-level decision making in all types of large organizations
- the most advanced form of the quaternary sub-sector



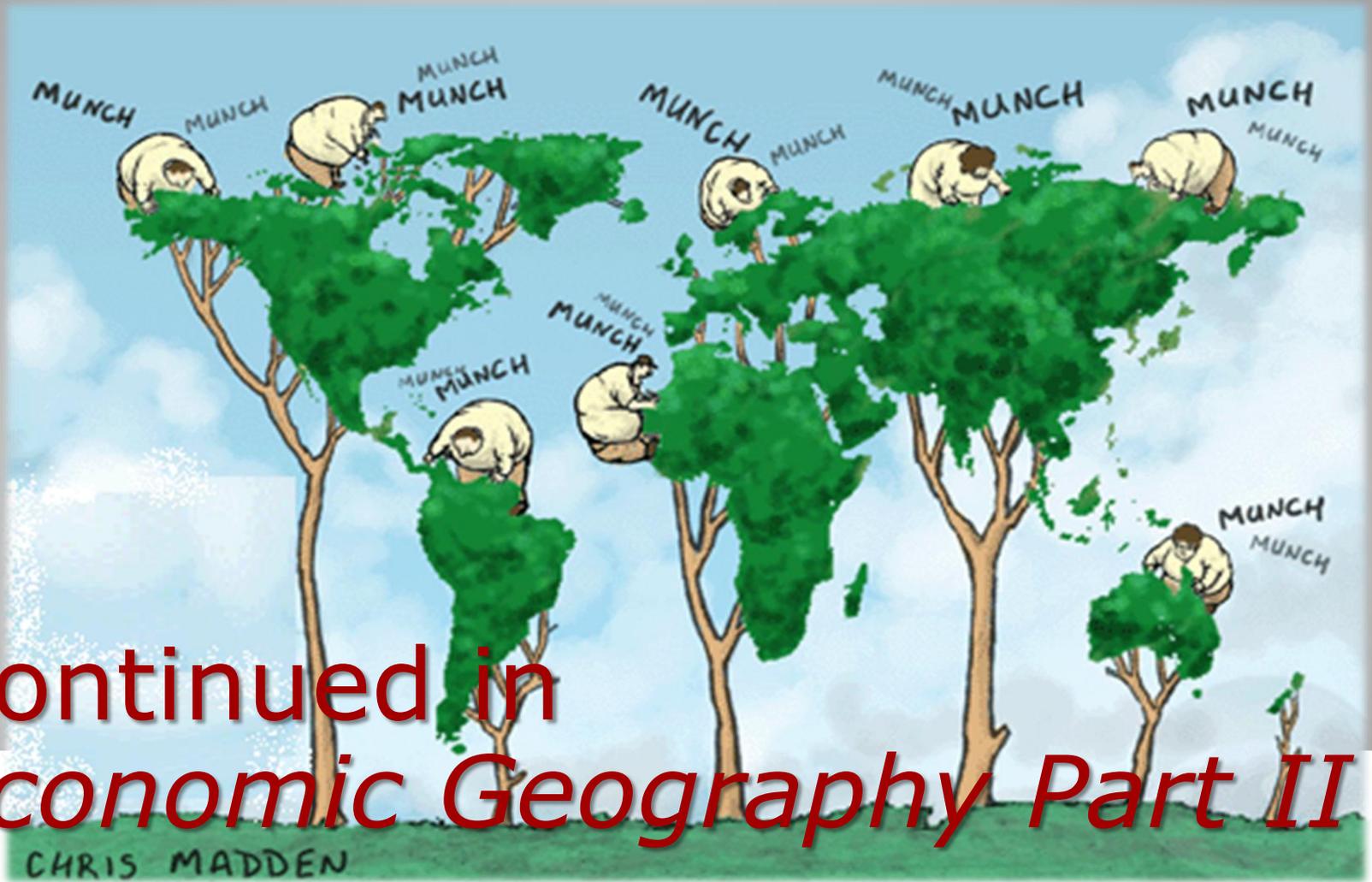
Quinary Activities



Source: U.S. Department of Commerce, Bureau of the Census 2003

Economic Structure

US Employment by Labor Sector



Continued in
Economic Geography Part II

[Return to Table of Contents](#)