

Weeks #8, #9 and #10 (depending on how you're counting weeks)

Text: pages 343 – 424

Exam #2 is scheduled for March 20, 2003.

Study Questions/Exercises/Tips

1. In the first few pages of Chapter 8 are two “lists” of 4 fairly obvious but important concepts: “What will be produced?” “How will it be produced?” “Where will it be produced?” and “For whom will it be produced?” Note the similarity to the phases of manufacturing: *selection, assembly, production, and distribution*. Are you clear on all these?

2. How does spatial distribution influence assembly costs, production costs, and distribution costs?

3. An important element in understanding these relationships, and the *Weber theory* in general, is to realize you are looking for a production site, say a place **B**, based upon the assembly costs of raw materials **A**, and the distribution/delivery cost of the final product **C**. That is, you’re looking for a location for **B** based on the sum of two costs; the costs of moving **A** → **B** plus the cost of moving the product to market **B**→**C**. While simple in principle, the problem is complex to solve. You know where **A** is and where **C** is but you’re trying to find **B**.

4. Several of the figures in Chapter 8 are complicated and can be presented or, at least, thought of differently. Figures 8.1, 8.2, 8.3, 8.5, 8.6, 8.7 and 8.9 all show a location decision in profile. It is possible to consider each of these situations from a vertical perspective, “looking down from above.” This conveys the “geography” more accurately. I will be going over this approach in class but you can look at Figure 8.11 as a summary of the approach. (*space-cost curves*) These were critiqued in lecture.

5. There are some errors worth noting in this chapter: Page 353, col 1, second paragraph under “*Weber Diminished in Today's World*” says:

“Ubiquities encourage material orientation.”

This is simply wrong, it's exactly the opposite. I believe it was an editing problem, probably because in the paragraph above it is the phrase “Gross localized materials encourage material orientation....”; so, I think they just got mixed up.

Also, on page 354, col 2, in the text below Table 8.3 is the sentence: “The labor cost per unit produced is lowest in Plant B even though the hourly total wages and fringe benefits is highest.” This too is just wrong, clearly Plant C has the lowest per unit costs (\$0.035) and the highest total wages and fringe benefits. My guess is that this ‘example’ was first crafted with only two plants then someone said to add a third but then they forgot to change the text!

6. *Globalization* can be seen as the dramatic current balancing of the locational forces on manufacturing. What will happen to *globalization* if energy costs increase at a rate faster than other costs? What will happen to globalization if less developed

economies become politically unstable? What would happen to globalization if labor in less developed economies became unionized? The first two are happening right now, transportation costs are increasing rapidly and major regions of the world are far less stable. The last of these, unionization, is not very present right now.

7. Can you think of an example of *diseconomies of scale* (decreasing marginal returns to scale)?

8. What's the difference between *vertical integration*, *horizontal integration* and *diversification*? Can you think of examples?

9. If the University is an industry what current trends are suggestive of "Business Process Reengineering"? I have a colleague who claims the University is, and should be, a "pre-industrial institution"; how would you interpret the meaning of this?

10. Chapter 9, especially pages 392-400, is a classical economic geography of global industry. As such, it generates a plethora of questions like: "Do we have to memorize all those maps and tables?" My consistent answer is "No, I don't expect you to memorize anything but to understand it." It is useful to examine more carefully the actual structure of the chapter. There is the regional inventory on pages 392-400; it focuses on North America and Europe. Next is a section on Globalization and industrial shifts (textiles, automobiles, electronics) with special attention to North America (400-413). Next is a focus on Japan, then the developing world. (This suggests that Japan is a model for the rest - - not sure if I buy into that idea!!) Finally there is a section on *World Industrial Problems*

11. On page 423, your book uses an unfortunate phrase, "Rich-City – Poor City Regions." It is unfortunate in that I use, in talking about August Lösch's central place model, the phrase "city rich and city poor sectors." Be certain you understand the dramatic difference in the two.

Week #10 (getting ready for the test) Readings Chapters 6, 7, 8, & 9

Study Questions/Exercises/Tips

1. This middle section of the course has a great deal of overlap between the book and lecture material. The test will reveal that also. I have not made up the test at this writing but you should probably expect straight lecture 30%, straight book 30% and either/both 40%. Look for the overlaps and what doesn't overlap. This should give you a perspective on the balance.

2. There is a large bunch of names and theories to keep straight in this middle section of the material. A couple of lists makes a great deal of sense. Just from the lecture outline you have:

- Thunen (in the city)
- Reilly
- Christaller
- Losch
- Weber

..... plus you should be able to place Burgess, Hoyt, Harris & Ullman, Isard, Warntz and Leontief just from lecture.

Now, which of these are also discussed in the book? Where?

3. There are topics in readings and lectures that are directly related but do not appear at the same time. See "The Process of City Building" (page 277+) and the material on regional impact analysis lectures (economic base, Input-Output) for example.

4. We covered some of the classical urban structure models in class (and in the readings). The book does a few more, international ones. The text also does a lot more on "sprawl."

5. Central Place Theory is one of two BIG theories of the middle section (other is probably Weber). Be sure you know the Christaller K-3 system as well as the fundamental concepts (range, threshold, hierarchy, hinterland, etc.). Be familiar with the K-4 and K-7 systems but in less detail than the K-3. You should also know Losch and Isard from class.

6. Your book has a pretty good section on "Evidence in support of Central Place Theory." Borchert, Berry, and Rushton are some names of note. There is also a good section on central place theory in the international and in planning/applications, followed by an interesting extrapolation into virtual networks and hierarchies.

7. Chapter 8 is very dense (see the prior weekly posting). I mentioned *landuse inertia* in class. The book discusses industrial inertia. What's the difference? Similarity?

8. What is the difference between *vertical integration*, *horizontal integration*, and *diversification*?

9. Do you see a linkage between the section in your book "World Cities" (page 333) and "Multinational Corporations" (page 371)?

10. Pick an industry you're interested in or maybe one from your hometown and think of it within the context of the "Industry Life-Cycle Model" (page 383)

11. Chapter 9 is in part, as mentioned last week, a classic economic tour of the world. Rather than trying to memorize its lists or maps consider how the geographic description reinforces the ideas from the previous chapter, ideas concerning growth and evolution.

12. What's the difference between an *isotim* and an *isodapane*? A *ubiquitous* and a *localized* raw material? A *pure* and a *gross* raw material?

13. What's the difference between a *basic* and a *non-basic* activity?

14. If the employment base multiplier for Lansing/EL is 2.6 and a new basic industry employing 1,000 people opens what will be the total impact on the communities employment?