Types of Economic Activities

Nick Clancey R2

There are multiple forms of economic activities that have appeared, and these are the basic categories.

- **Primary Economic Activities**- These involve products that are directly taken from natural resources from the environment, such as agriculture, ranching, hunting and gathering, fishing, forestry, mining, and quarrying.
- **Secondary Economic Activities**- These involve the processing of the raw materials gained from the primary activities and their transformation to things like toys, ships, processed foods, chemicals, and buildings.
- **Tertiary Economic Activities**- These are part of the service industry, they connect producers to consumers, and facilitate commerce. Bankers, lawyers, doctors, teachers, nurses, salespeople, clerks, and secretaries are in this sector.
- **Quaternary Economic Activities**- These service sector industries are concerned with the collection, processing, and manipulation of information and capital. Finance, administration, insurance, and legal services work in accord with this sector.
- **Quinary Economic Activities**- These service sector industries require a high level of specialized knowledge or technical skill. Scientific researchers and high level management workers are in this field.

The kind of economic activities in a state can show how far in development it has gone.

- **Primary**
  - If a large percent of a states workers are in this field, it usually means they are in a periphery state.
- **Secondary**
  - If the majority of a states workers are in this field, they are most likely semi-periphery. This is because large manufacturing is concentrated in poorer states with export processing zones, which entices companies in the core to invest and make that state's economy blossom.
- **Tertiary**
  - This field of work is found all over the core and semi-periphery.
- **Quaternary and Quinary**
  - These jobs are found almost exclusively in core states.

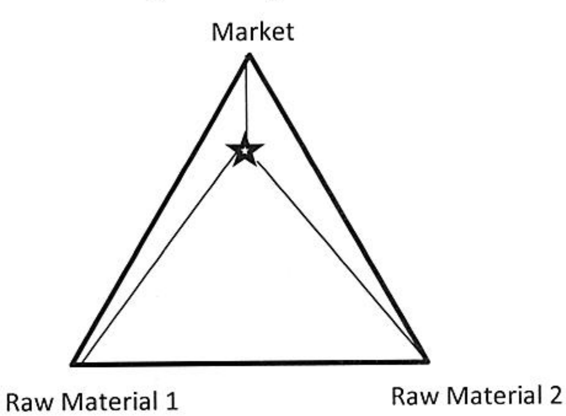
Delayna Shulak

Location Theory, Primary and Secondary Industrial Regions

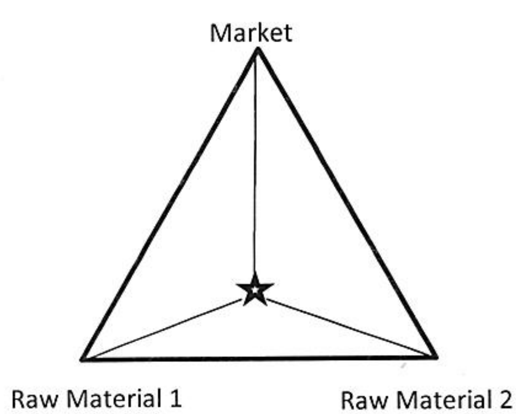
- *Location Theory*
    - Location theory is also known as the least cost theory
    - Created by Alfred Weber, a German economist, in the 20th century
    - Three main factors of the theory: cost of transportation, available labor, and agglomeration
        - Cost of transportation is the most important part of the location theory based on if the product is weight gaining or weight reducing
            - Weight Gaining Product – a product that gains weight after production and will cost more to transport after being assembled
                - Production will be located closer to the market
                - Examples: cars, large appliances, and large electronics
            - Weight Reducing Product – a product that loses weight after production and will cost more to transport the raw materials
                - Production will be located closer to raw materials
                - Examples: Ethanol, artificial gemstones
        - Available labor deals with cost of labor available and number of skilled workers
        - Agglomeration is the centralization of businesses involved in the same or similar industries
- Primary Industrial Regions
    - Primary industries involve obtaining natural resources from the Earth
        - Fishing and mining are both examples of primary industries
    - The location raw materials are transported from in Weber's Location Theory
- Secondary Industrial Regions
    - Secondary industries involve processing, producing, and manufacturing
        - Ethanol production and product assembly are both examples of secondary industries
    - The location products are transported from in Weber's Location Theory

Weber's Location Theory: Diagrams

Weight Gaining Product



Weight Reducing Product



Alex Gavsyuk
White 3

Planned and Market Economics

- **Planned Economy** - type of economy that gives the government total control over the distribution of resources (can be linked to communism).
- A planned economy allows the government to **determine everything from distribution to pricing**.
- Planned economies give the government the **ability to control the resources of the country**.
- Planned economies **can provide stability**, but also **can limit growth** and advancement of the country if the government doesn't provide enough resources to its main sources of development, such as its major enterprises and industries.
- In most cases planned economies tend to exist in communist countries.
- Examples of Planned Economies: **Cuba**, **North Korea**, and the **USSR** when it was still intact (all of these countries were communist at one point, but Cuba and North Korea continue to be communist).

- **Market Economy** – is an economy that is driven by the laws of supply and demand.
- Supply and Demand is when people want more of an item or service (demand), then producers will manufacture more of them or more businesses will open up to provide the service (supply).
- Market Economies vs. Mixed Economies - a mixed economy is a combination of a communist or planned economy that is controlled by the government, along with a market economy. A market economy has free reign over the production and distribution of goods and services.
- Examples of Market Economies: in the real world, market economies don't exist in pure form because all governments have some control over several parts of an economy.

Connie Li
White 3

Transportation Modes (Pros/Cons)

- **Truck:**
  - *Pros*:
    - can travel long distances
    - carry a lot of cargo
    - doesn't need set path
  - *Cons*:
    - Can't travel through water
    - Carries the least amount of cargo
    - Pollutes the air
    - Costs a lot to pay for gas

Most companies. use trucks to:

- Transport in country
- Transport to ports (to boats) (Have you seen a semi on the highway?)

- **Plane**
  - *Pros*:
    - Fastest form of transportation
    - Carries a lot of cargo
    - Doesn't need a set path
  - *Cons*:
    - Costs a lot for maintenance
    - Needs specific places to take off and land
    - pollution

Ex: Companies like UPS use airplanes

- **Train**:
  - *Pros*:
    - Travels long distances
    - Carries a lot of cargo
    - Can go fast
  - *Cons*:
    - Can only travel on land
    - Needs special tracks to travel on
    - Very expensive to maintain
    - pollution

All countries have a train system to transport goods. Example: Any railroad system in the city

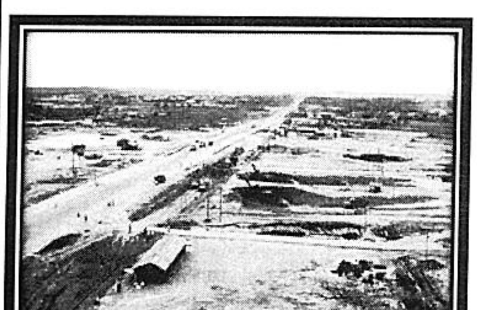
- **Boat:**
  - *Pros*:
    - Can travel far
    - Travels on water
    - Doesn't need a set path to travel.
  - *Cons*:
    - Slowest form of travel
    - Can only go in water
    - Pollutes
    - Expensive to maintain

There are boats everywhere in the real world. On the Ohio River, there are boats that transport barges.

Alice Liu, Red 2

Export Processing Zones *and* **Special Economic Zones**

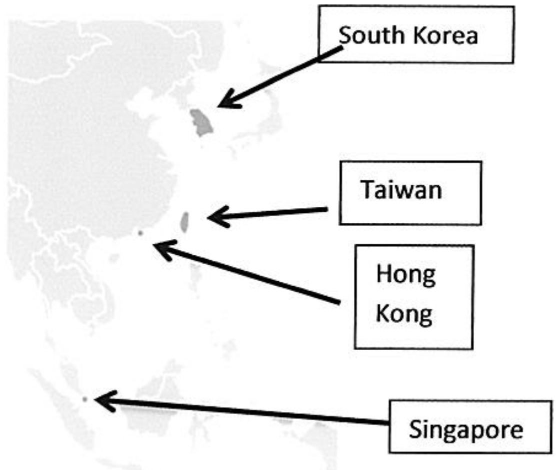
- An **export processing zone (EPZ)**, also known as a **free/foreign trade zone (FTZ)** is an area, designated by the government for manufacturing, that is specially designed to attract businesses.
    - Features of EPZs include little to no environmental regulations, tax/tariff exemptions, nearby distribution facilities, and an available work force.
    - In China, EPZs are known as **special economic zones**, or SEZs. These are the same as EPZs.
        - A notable SEZ in China is **Shēnzhèn** (深圳经济特区), a city in Guǎndōng Province located to the north of Běijīng. It was China's first SEZ.
            - Shēnzhèn was originally a small, rural coastal town with little technology and resources. In 1980, the Chinese government declared it an SEZ.
            - It now has a population of 1.9 million and handles over 210 million tonnes of cargo each year.
            - Along with easy communication with Běijīng, ocean ports, and a railroad system connecting it to much of mainland China, Shēnzhèn contains an international airport that can transport both people and goods. It is the only airport in China that provides cross-border and multimodal (using multiple methods, or modes) transport.
        - There are 5 SEZs in China: **Shēnzhèn, Zhūhǎi, Shàntóu, Xiàmén, and Kashgar/Kāshí.**
            - The first three are located in Guǎndōng Province; Xiàmén is in Fújiàn Province, and Kāshí is part of Xīnjiāng.
        - China has designated one province, Hǎinán, an SEZ also.
    - Due to the **North American Free Trade Agreement (NAFTA)**, many trade barriers between the United States, Canada, and Mexico were removed.
        - This led to an increase in ***maquiladoras***, EPZs lining the border between the U.S. and Mexico.
        - ***Maquiladoras*** contain many large companies such as General Motors.
        - In *maquiladoras*, outsourcing companies can have many individual parts assembled and shipped to the manufacturing headquarters of the companies.
        - Large *maquiladora* cities include **Ciudad Juárez**, in Chihuahua, and **Tijuana**, in Baja California.
            - The combined cities of Ciudad Juárez and El Paso, Texas, make up the second-largest bi-national metropolitan areas along the border between the U.S. and Mexico.
                - Ciudad Juárez has a large population – est. 1.3 million people – but has been labeled the most violent area in the world, aside from actual war zones. This was most likely caused by the increase in *maquiladoras.*
                    - With four international bridges, it is a major city for transportation and trade. It also contains more than 300 *maquiladoras*.
            - The Tijuana-San Diego metropolis is the largest bi-national one along the U.S.-Mexico border.
                - It has a large, skilled workforce, making it ideal for *maquiladoras.*
                - It contains about 550 *maquiladoras*, most of which pay more than average wage.
                - Tijuana also suffers from violence connected to drug wars.
- Most EPZs **locate in developing or periphery countries**, in areas with no customs authorities.
- Businesses seeking to move offshore and outsource often choose EPZs to set up businesses in.
    - EPZs offer the businesses tax incentives, and promote foreign companies over native ones.
- Nike is an example of a business that has outsourced its production to foreign companies, mostly EPZs.
- EPZs have been criticized for violating human rights and for damaging the environment through lax environmental laws, which lead to pollution.



Shēnzhèn, China: Before and After

Kayla Collings R1

The Four ***Asian*** ***Tigers***	*The Four* ***Little*** ***Tigers***
Hong Kong	Malaysia
Singapore	Vietnam
South Korea	the Philippines
Taiwan	Indonesia



The Four Asian Tigers

-The Four Asian Tigers are regions that have advanced economies due to trade with the U.S. and Europe.

-As a whole, these areas share similar characteristics such as:

-High growing populations
-Industrialized cities
-Educated and skilled work force.

-These areas have trained their work force to complete jobs that require high expertise in that skill.

-Manufacturing consists of everything from low-quality textiles and toys to electronics and other products that are in high demand.

-The Four Asian Tigers increase employment, and the countries that obtain the products satisfy their customers. Trade is a WIN-WIN situation.

-Hong Kong and Singapore are now world financial centers while South Korea and Taiwan are the leaders of the world's information technology.

The Four Little (or Baby) Tigers

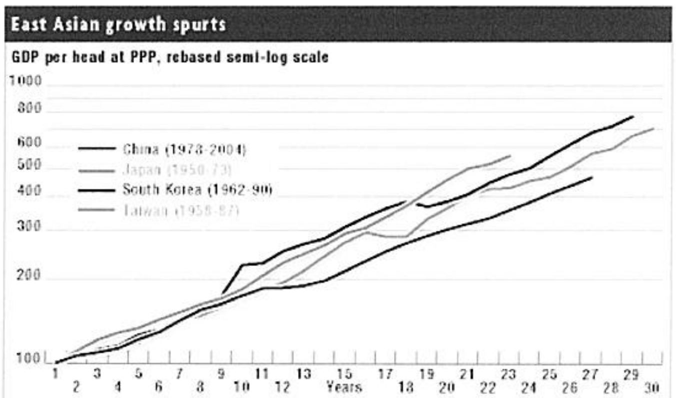
-These are regions like the Asian Tigers but have not gotten to the economic status or development yet.

-In addition to the main four Little Tigers, India, Thailand, and countless other developing countries that are striving to follow the modle provided by the Four Asian Tigers.

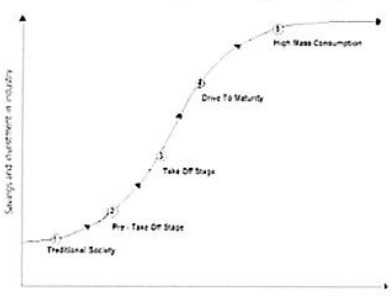
The Four Asian and Four Little Tiger Chris Nadeau

- *Hong Kong, Singapore, South Korea, and Taiwan*

- Rapid industrial growth in fewer than 30 years



- Able to skip through steps on Rostow's stages of growth model



- No other country is able to skip like that and others had to go through long steps
- Establish by investments from foreign companies and little business before
- Huge reason because they are seaports and they're located next to the ocean




52B

Brenton Wolford

The Industrial Revolution and Its Diffusion

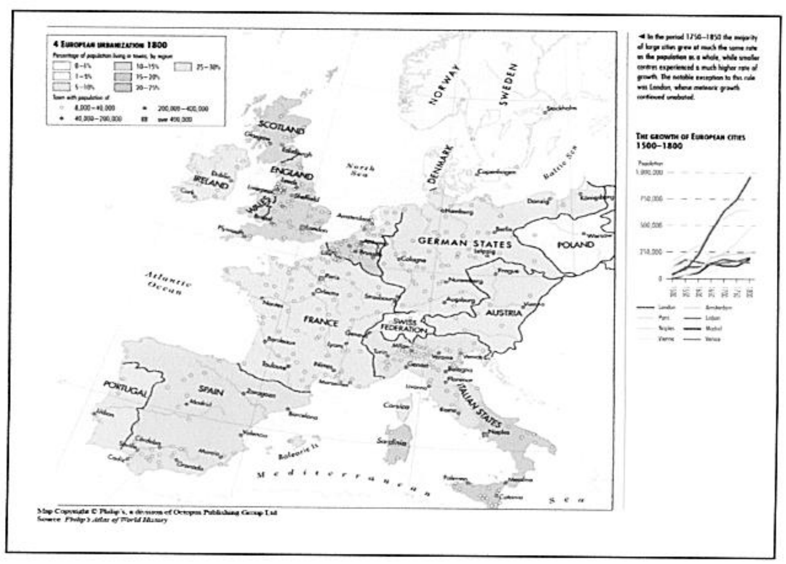
Industrialization- a widespread change from a farming based society to a more modern machine/industry based society

The Industrial Revolution

- Began in mid 1700s
- Began in England
- Brought along many invention such as the steam engine. The steam engine allowed for faster and longer distance travel, which opened up a bigger market.
- Industry was chiseled out by the road leading to the revolution
- Brought more efficient ways to produce materials
- Not only changed industries but also changed social ways, economic ways, and cultural ways

Diffusion of the Industrial Revolution

- Started in England then went to Western Europe, North America, Japan, then the rest of the world
- All these countries are now core countries
- Now many other areas are starting to become industrialized. Like, Brazil, India, South Africa, China, Mexico, etc.
- All of these countries are semi-periphery countries but will probably advance to core countries sometime in the future



Lincoln Hirn
Block R1

Deindustrialization in America

Industrialization: A country's extended development of heavy industry

Deindustrialization: When manufacturing plants leave an area on a large scale

I. American Manufacturing

a. Began during Industrial Revolution
b. Clustered around the Great Lakes Region and New England
c. Contributed to the formation of a solid working class

II. Deindustrialization

a. Has taken place over the last several decades
b. Primarily due to the outsourcing of industrial jobs
c. Companies relocate factories from American manufacturing regions to manufacturing belts in other countries (usually SEZ's, EPZ's, etc)

III. Reasons for Deindustrialization

a. Cheaper labor in other countries than in the US
b. Lenient environmental regulations allow for cheaper production

Example: The "Rust Belt" area of the US, which includes the auto manufacturing facilities around the Great Lakes. As car production gets outsourced, old factories go unused

Ankit Patel

Transnational and Multinational Corporations

- **Transnational Corporations are companies that have offices or divisions across the globe.**
- The purpose behind this phenomenon is to **reduce transportation costs of products and people.**
- **Honda, for example, is a transnational corporation. You can go almost anywhere in the world and buy a Honda product**, whether it be a vehicle or farming tool.
- **Transnational corporations have unusually large workforces**, necessary because of their global reach and volume. The majority of these **employees are well-educated.**
- **As employees receive promotions, they may be forced to move across the planet.**
- Pepsi is another example of a transnational corporation. Its sells its products in hundreds of countries around the world. Figure 1 depicts an example of foreign PepsiCo product.

Figure 1: A can of Pepsi, with the word Pepsi written in Arabic.

- Multinational corporations are somewhat similar to transnational corporations. **Multinational Corporations, although, are more provide services that are more adapted to their local surroundings.**
- Proctor and Gamble is an example of a multinational corporation. It adapts its products to best serve local cultures.
- **Transnational corporations, on the other hand, give the majority of decision making to each foreign individual market.**
- Transnational Corporations (TNC's) and Multinational Corporations (MNC's) are usually **worth more than domestically intensive firms.**
- Some believe these corporations are unethical, to a degree, because **their basic goal is to improve their bottom line.** They believe their loyalty should be aligned closer towards their consumer base, rather than their profits margins and shareholders.
- As of 2008, General Electric, a transnational corporation based in the U.S. had the most foreign assets. Shown in Figure 2.

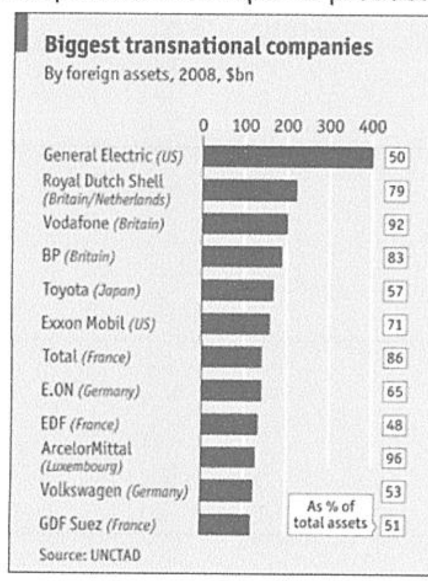


Figure 2: General Electric leads the pack with the most foreign assets.

Andrew Helmon
White 2

Rostow's Stages of Growth Model

The Stages of Growth

- Rostow's model describing the stages of economic growth includes the following steps:
  - Traditional Society
    - Depends on hunting and gathering and/or subsistence agriculture
    - Society is (mostly) based on primary sector
    - Limited technology
  - Preconditions for Take-off
    - Advancements in technology
    - Changes to environment for agricultural purposes (e.g. canals, ports, irrigation)
  - Take-off
    - Secondary sector expands
    - Textile and apparel industries (usually) are first to "takeoff"
  - Drive to Maturity
    - Rapid development of transportation infrastructure
    - Industries expand and new ones begin to grow
    - Manufacturing shifts from labor-driven to capital-driven
  - Age of High Mass Consumption
    - Widespread consumption of high-value consumer goods (e.g. automobiles, smart phones, etc.)
    - Industrial base is the main focus in the economy; primary sector has less effect in society because of highly advanced technology

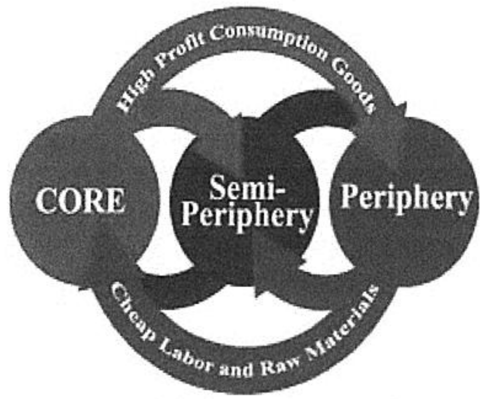
Rostow's Model in the Real World

- As the world industrializes, it becomes difficult to adequately illustrate how the economy works, therefore Rostow's stages of growth model has overtime become less accurate
- Some flaws found in the model include:
  - The model tries to fit economic progress into a linear system
  - Not all countries will economically progress forward at all times; at some times countries will regress
  - Rostow's model is based on large countries; the model doesn't necessarily apply to smaller countries who cannot always have the needed supplies at the proper time, an example of this would be Rwanda
- Since the world has begun modernizing it has occurred that Rostow's model no longer accurately portrays all countries correctly; the model is based on American and European history and therefore doesn't precisely depict most Asian and African countries

Timberly Hibbs

Wallerstein's Worlds Systems Theory

- Immanuel Wallerstein invented theory.
- First person to come up with core and periphery.



Wallerstein's World System Theory Model

Core Areas:
- Most Developed Countries.
- Located mostly in North America and Europe

Periphery Areas:
- Less Developed Countries.
- Countries kept in poverty by the core countries lack of investment in them.

Semi-Periphery:
- Recently added to the model.
- Four Asian Tigers are semi-periphery Also- China, India
- They are beginning to develop but the they don't have enough political importance with core countries to get there!

Methods of Measuring Development- Pros/Cons

- *Human Development Index (HDI)*
  - All characteristics affecting the HDI affect all members of the human race
  - Measures development on a scale of zero to one
  - Used by the United Nations
  - The HDI of a country has to do with life expectancy, literacy rate, average years of education, GDP per capita, among others.
    - Life Expectancy – in more developed countries people can expect to live longer because of access to better medical resources and sanitary conditions
    - Literacy rate – literacy greatly shows the effectiveness of the educational system of a country; greater literacy rates mean a greater chance to succeed in the global economy
    - Average Years of Education – education produces more skilled, productive workers creating a more skilled and productive society in general; countries with less education available are more likely to experience "brain drain," losing their most talented workers
    - Standard of Living – the well-being and luxury a citizen/inhabitant experiences, usually varies by culture
- *Economic Data Indicators*
  - A way to measure the development of a society by examining its economic stability and well-being
  - Economic developmental factors include: gross domestic product (GDP), gross national product (GNP), overall economic structure, expendable income, and availability of raw materials
    - GNP and GDP – Gross domestic product is the market value of all goods and services a country has within its borders per given year, gross national product is the value of goods and services produced by companies within the country
    - GDP per Capita – the total amount of goods and services produced within a country divided by total population of the country
    - Expendable Income – the extra money left over after all taxes and other bills have been paid
    - Raw Materials – raw materials do not directly translate into development, this is because not all countries that contain raw materials have the ability or rights to profit from those materials
- *Demographic Statistics*
  - Uses demographic statistics and models to determine development of a country
    - Gender Balance – this refers to men and women in a country receiving equal opportunity to succeed, not an equal number of men and women

* know pros and cons as well!