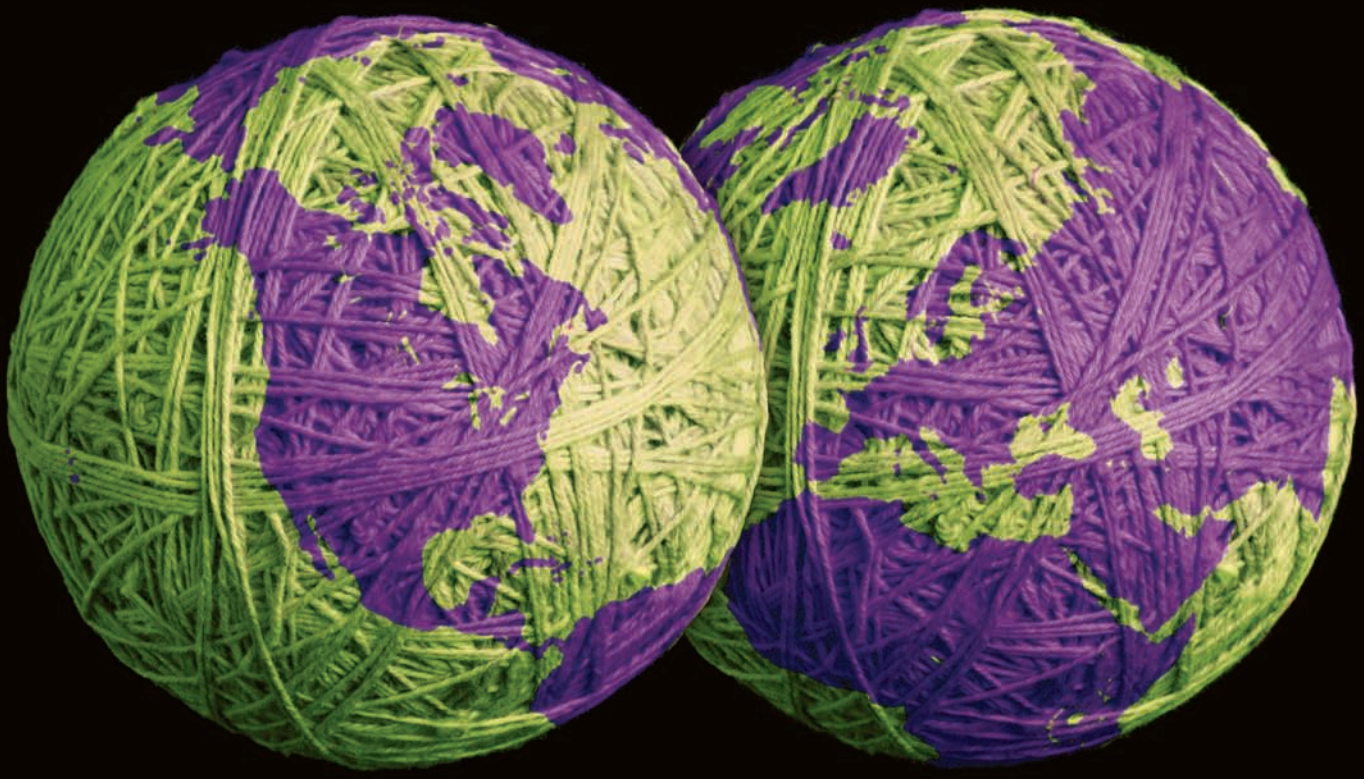
Pearson New International Edition

The World Economy
Geography, Business, Development

Frederick P. Stutz Barney Warf

Sixth Edition



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GLOSSARY

Absolute advantage. The ability of one country to produce a product at a lower cost than another country.

Acid rain. Acid rain, snow, or fog derives from the combustion of coal, releasing sulfur and nitrogen oxides that react with water in the earth's atmosphere.

Affluenza. A play on the term *influenza*, it refers to the psychology of consumerism in which more is never enough, although surveys show that once basic needs are satisfied, further purchases do little to raise overall happiness.

Agglomeration economies. The benefits gained by firms by clustering near other firms, including reduction of transport costs of inputs and outputs, access to specialized labor and ancillary services, access to specialized information, and ability to access a particular type of infrastructure.

Agribusiness. Food production by commercial farms, input industries, and marketing and processing firms that contribute to the total food sector.

Agricultural subsidies. Government payments to producers of agricultural products who simultaneously sing the praises of the free market.

Animate sources of energy. Energy derived from living human or animal muscle power, typically the dominant form in preindustrial societies.

Aquaculture. Commercial harvesting of fish or aquatic species for food.

Baby boom. The generation created by the dramatic rise in the U.S. birth rate following World War II, between the years 1946 and 1964.

Back offices. Segments of services work that involve low-wage, unskilled functions such as data entry.

Backward integration. The process of purchasing productive capacity "upstream" in the production process, that is, in the creation of inputs, through establishing a unit in-house or purchasing an existing company.

Balance-oriented lifestyle. A mind-set which insists that because resources are finite, they must be recycled and input rates slowed down to prevent ecological overload.

Basic sector. The part of an urban or regional economy engaged in the export of goods or services to clients located elsewhere.

Behavioral geographers. A school of thought that analyzes space from the perspective of individual perception, cognition, and psychology.

Biomass. The sum of mass of living beings, mostly plants, in a given place at a particular moment in time.

Birth rate (crude). The number of live births per 1000 population per year.

Brain drain. The process whereby less developed countries lose talented people to industrially advanced nations through emigration.

Bubonic plague. The massive epidemic that swept through Europe from 1347 to 1351, killing roughly 25 million people and forever changing the continent.

Burghers. The emerging merchant class of early capitalist Europe, which grew wealthy and powerful from the expanding markets and trade routes.

Business services. Service functions that cater primarily to corporations rather than households, including financial and producer services.

Call centers. Offices established by corporations that handle routine activities over the telephone, including reservations, customer assistance, and trouble-shooting.

Capital. A factor of production, including tools, buildings, and machines used by labor to fashion goods from raw material.

Capital flight. The investment of their monies by local individuals and whole countries in overseas ventures and in foreign banks for safekeeping.

Capital-intensive production. Forms of industry in which a high proportion of capital is used relative to the amount of labor employed per unit output.

Capital markets. Financial markets in which money in various forms is bought and sold, including banks, securities markets, public and private debt refinancing, and so forth.

Capitalism. The social system in which markets and production for profit are the primary (but not only) means of organizing resources. Ownership of private property is a key institutional characteristic. The importance of markets varies over time and space, giving rise to many different forms of capitalism, and the state always plays a role.

Carrying capacity. The maximum population an ecosystem can support.

Cartel. An organization of buyers and sellers, capable of manipulating price and/or supply.

Cattle ranching. Commercial raising of cattle, often on ranges and sometimes on public lands, for the production of beef.

Central business district. The downtown of an urban area, typically given over to firms that need centralized locations (often to take advantage of agglomeration economies there) and that pay high rents to do so.

Chlorofluorocarbons (CFCs). Chemicals implicated in the destruction of the atmospheric ozone layer.

Chronic malnutrition. Malnutrition that is essentially permanent in a given area, usually attributable to lack of protein.

Colonialism. The global system of empires, largely European, that emerged in the sixteenth century and dominated most of the world until the mid-twentieth century, in which foreign powers conquered other societies and restructured their economies, societies, and landscapes to fit foreign interests.

Commercial agriculture. Agricultural goods produced for sale in the city or on the international market.

Commodification. The process by which goods and services that were not commodities become produced and consumed through market transactions.

Commodities. Goods and services that are produced for sale on a market (i.e., to make a profit). Most goods under capitalism

are commodities, but not all are (e.g., public-sector goods or those that have not been commodified, such as air).

Commodity chains. A perspective on economic activity that views commodities via a series of stages from producer to consumer.

Common market. A form of regional economic integration among member countries that disallows internal trade barriers, provides for common external trade barriers, and permits free factor mobility.

Comparative advantage. The theory that stresses relative advantage, rather than absolute advantage, as the true basis for trade. Comparative advantage is gained when countries focus on exporting the goods they can produce at the lowest relative cost.

Competitive advantage. The theory of international competitiveness that stresses the production of high-value, high-profit goods using skilled labor, agglomeration economies, and constructive state policy.

Conservation. Careful management and use of resources to assure continuing availability in the longer run.

Conspicuous consumption. Consumption well above one's needs, designed to show off social status.

Consumer services. Services oriented toward households and individuals rather than firms, such as retail trade and personal services (e.g., haircutters).

Consumerism. The systematic creation of consumer wants via advertising, and the culture and values that result in privileging shopping over other activities.

Consumption. The purchase and use of commodities (goods and services) to satisfy human needs and desires.

Contingent labor. Workers who are employed part-time or temporarily rather than full-time.

Core and periphery. An economic and spatial relationship between regions and countries where those on the outside export raw materials to industrialized regions at the center. Core regions are self-sustaining, whereas peripheral areas are dependent on the core.

Cost–space convergence. The reduction of travel costs between places as a result of transport improvements.

Current account. Measure of U.S. government trade that includes both merchandise trade and intangibles (services, interest payments, etc.).

Customs union. A group of countries that enters into an agreement to reduce or eliminate trade barriers among themselves in order to promote trade with one another.

Dairy farming. Commercial raising of cows for the production of milk, butter, and cheese.

Death rate (crude). Annual number of deaths per thousand population.

Deforestation. The clearing and destruction of forests (especially tropical rain forests) to make way for expanding settlement frontiers and the exploitation of new economic opportunities.

Deindustrialization. The loss of manufacturing employment through plant closures, in part due to movements of firms overseas.

Delayed gratification. The postponement of consumption in order to generate savings.

Demographic transition. The historical shift of birth and death rates from high to low levels in a population.

Dependency theory. The perspective that the economies of less developed countries were purposely underdeveloped via colonialism and transnational corporations to facilitate the development and expansion of the world's wealthier economies.

Deregulation. The reduction of government controls over economic activity within a country.

Desertification. The expansion of desert lands and noncultivatable regions by overuse, overpopulation, and drought.

Development. A historical process that encompasses the entire economic and social life of a country, resulting in change for the better. Development is related to, but not synonymous with, economic growth.

Diminishing marginal returns. The decline in unit output per each extra unit of input, that is, lower increases in productivity.

Direct effects. Employment and income generated at the site of a basic sector establishment, not including subcontracts or expenditures of worker incomes.

Diseconomies of scale. The disadvantages arising from attempts to produce at a scale larger than the optimum point on the long-run average cost curve, including overcrowded facilities, production pressure that leads to equipment breakdowns, and rising costs of inputs.

Distance decay. The decline in the level of interaction between two places with an increase in distance.

Distance learning. Virtual instruction, class attendance, or participation via telecommunications allowing the instruction source and the student to be separated from one another.

Diversification. A strategy by which a firm enters a different product market from the one in which it has traditionally been engaged.

Division of labor. The specialization of production within or among firms, regions, and countries by occupation or by region (in a spatial division of labor); because specialization raises productivity and thus profitability, more specialized divisions of labor tend to be more competitive.

Double cropping. Use of an agricultural area for more than one harvest in a given year.

Doubling time. The time in years required for the population of a region or country to double.

Ecological footprint. A measure of how each individual's consumption level and patterns contribute to the annihilation of the earth's ecosystems.

E-commerce. Electronic commerce, that is, electronic transactions between businesses and consumers or among businesses.

Economic base analysis. A model of local economies in which the basic, or export, sector is analytically privileged as the motor of local growth.

Economic geography. The branch of the discipline of geography concerned with the spatial organization of economic activity, including production, consumption, and transportation of goods and services, raw materials, people, and information. Economic geography includes a broad array of topics ranging from corporate location to international trade and development, and several different conceptual approaches, such as quantitative modeling and feminist, Marxist, ecological, and poststructural approaches.

Economic union. A form of regional economic integration having all the features of a common market as well as a common central bank, unified monetary and tax systems, and a common foreign economic policy.

Economies of scale. The cost savings derived from producing goods in large volumes, that is, by spreading fixed costs over a higher quantity of output.

Edge city. Communities in the exurbs, or suburbs distant from downtown.

Electronic data interchange (EDI). The electronic movement of standard business documents between and within firms.

Electronic funds transfer systems (EFTS). The network of telecommunications that allows financial institutions to move large volumes of funds almost instantaneously around the world.

Euro The currency used in most, but not all, member countries of the European Union.

Exchange rate. The value of one currency in terms of another.

Exchange value. The market price of a commodity, in contrast to the use value.

Export-led industrialization. The development strategy that relies upon encouraging foreign investment, developing a comparative or competitive advantage internationally, and generating large trade surpluses by exporting as much as possible.

Export-processing zones. Areas designated within countries by their governments in order to attract foreign firms and promote export-oriented activity and thus enhance foreign revenues, typically with tax breaks, subsidies, infrastructural developments, and labor training programs.

Export-restraint agreement. A nontariff barrier whereby governments coerce other governments to accept voluntary trade export restraint agreements.

Export subsidies. Payments made by governments that lower the final cost of goods and services to importers.

Externalization. The purchase of a service by a firm rather than producing it in-house, usually through subcontracting.

Exurbs. Residential areas on the outermost fringes of urban areas.

Feedlots. Large commercial areas in which cattle are stored and fattened before slaughter.

Feudalism. The social system that preceded capitalism in Europe, as well as some other places such as Japan. The class relations, culture, and geography of feudalism differed markedly from those of capitalism. The system was organized primarily through the power of the state, not the market.

Filtering model. The view of housing change that holds that lower-income households will move "up" through the housing stock as older homes are made available by the movement of the more well-to-do into newer houses.

Financial capital. Liquid or floating capital in the form of savings, loans, stocks, and other monetized commodities that can move rapidly through space, in contrast to fixed capital.

FIRE. Finance, insurance, and real estate.

First World. The economically advanced countries of Europe, Japan, the United States, and Canada.

Fixed capital. Capital investments that are set in one place and difficult to change, including buildings and equipment. Fixed capital can remain constant over small expansions in output, as opposed to variable capital, which rises as a function of output.

Flexible production. Also known as post-Fordism, this term refers to the form of capitalism that took shape in the 1970s and is characterized by vertical disintegration, computer technologies (e.g., just-in-time inventory systems), and lack of reliance on economies of scale.

Flow resources. Resources that are continually replenished, such as sunlight or water.

Food stamp program. A federal system for supplementing the incomes of low-income families by providing them with vouchers that may be used for the purchase of food.

Footloose industries. Firms that possess considerable locational mobility, i.e., relatively little inertia; such companies are generally labor-intensive with few barriers to entry and exit.

Fordism. The system of industrial production attributed to Henry Ford, who pioneered the moving assembly line and a specialized division of labor in factories that mass produced goods cheaply and profitably.

Foreign aid. Assistance given by one country to another, which takes many forms ranging from military aid, grants and loans, to disaster relief. Contrary to widely held opinion, foreign aid comprises a minuscule part of the government budgets of all countries, including the United States.

Foreign direct investment (FDI). Investing in companies in a foreign country, with the purpose of managerial and production control.

Forward integration. The process of purchasing productive capacity "downstream" in the production process, that is, in the creation of outputs, through establishing a unit in-house or purchasing an existing company.

Fossil fuels. Fuels, including oil, coal, and natural gas, that are formed from plant and animal remains.

Four-field rotation system. Rotating three crops among four fields over a period of years, while allowing a fourth rotated field to remain fallow, thus resting the soil for that year.

Four Tigers. South Korea, Taiwan, Hong Kong, and Singapore. See *newly industrializing countries (NICs).*

Free-trade area. A form of regional economic integration in which member countries agree to eliminate trade barriers among themselves but continue to pursue their independent trade policies with respect to nonmember countries.

Friction of distance. Friction exerted on movement and flow by time and cost factors associated with movement across space.

General Agreement on Tariffs and Trade (GATT). An international agency, headquartered in Geneva, Switzerland, supportive of efforts to reduce barriers to international trade; replaced by the World Trade Organization in 1995.

Gentrification. The growth in incomes and property values in low-income, inner-city neighborhoods associated with either commercial investments or the influx of relatively wealthy professional households.

Geothermal energy. Energy produced from deep inside the earth as water interfaces with heated rocks from the earth's core, producing steam.

Global city. A city that is a preeminent international location for business decision making and corporate services.

Global warming. The rise of average atmospheric temperatures over the past two centuries, often attributed to human-induced quantities of carbon dioxide from automobiles and manufacturing.

Globalization. The set of economic, political, and cultural processes that generate increases in the volume, scope, and velocity of international transactions and linkages.

Green Revolution. A popular term for the greatly increased yield per hectare that followed the introduction of new, scientifically bred and selected varieties of such food crops as wheat, maize, and rice.

Greenhouse effect. The warming of the atmosphere due to increased amounts of carbon dioxide, nitrous oxides, methane, and chlorofluorocarbons.

Growth-oriented lifestyle. A mind-set that insists on maximum production and consumption. It assumes an environment of unlimited waste and pollution reservoirs and indestructible ecosystems.

Guilds. The medieval system of handicraft production according to which craft workers were organized around different types of goods (e.g., paper, leather, iron) to restrict competition. Master artisans or craftsmen ran workshops in which apprentices worked and learned the trade.

Hanseatic League. A group of trading cities located mostly around the Baltic Sea that engaged in extensive trade relations during the late medieval period.

Hegemonic power. In international political economy, the most powerful country in the world, which "sets the rules" that others follow. Examples include Britain in the nineteenth century and the United States in the twentieth century.

Homo economicus. The model of human behavior widely used in neoclassical economics, that is, an all-knowing, self-interested individual who behaves rationally.

Horizontal integration. A business strategy to increase a firm's scale by buying, building, or merging with another firm at the same stage of production of a product, leading toward oligopoly.

Hub-and-spoke networks. Hubs are major cities that collect passengers from small cities, in the local vicinity, via spoke lines. Hubs redistribute passengers between sets of original major cities.

Human capital. The sum of skills, education, and experience that makes labor productive.

IMF conditionality. The set of restrictions the International Monetary Fund imposes on countries to qualify for IMF loans or debt restructuring.

Import-substitution industrialization. A trade strategy, now largely discredited, that puts high tariffs on imports as a way to stimulate domestic production of goods. The opposite of export promotion.

Inanimate sources of energy. Energy derived from sources other than living muscle power or remains of living tissue (e.g., firewood), including solar energy, nuclear power, wind, geothermal energy, and fossil fuels.

Income elasticity. The percentage change in demand that accompanies a change in income.

Indirect effects. Employment and income effects of a commercial establishment that are generated by its backward linkages and subcontracts to suppliers of goods and services.

Induced effects. Employment and income effects of an establishment that arise from expenditures of the wages and salaries that it pays its workers.

Industrial inertia. The resistance of some types of firms to changing their spatial location, often due to heavy fixed capital investments.

Industrial restructuring. A term used to refer to the alternating phases of growth and decline in industrial activity. It emphasizes changes in employment between regions and links these with changes in the world economy.

Industrialization. The movement from an agricultural economy to a manufacturing-based, export-oriented economy.

Infant industry. A young industry that, it is argued, requires tariff protection until it matures to the point where it is efficient enough to compete successfully with imports.

Infant mortality rate. Number of deaths during the first year of life per 1000 live births.

Informal economy. The part of the economy that is essentially untaxed and unregulated, including, but not limited to, many illegal activities (e.g., the black market) but also including casual labor, street vendors, and a variety of similar occupations; comprises a large share of the economy in the developing world.

Information technology. Communications technologies based on microelectronics, including microprocessors, computers, robots, satellites, and fiber-optic cable.

Infrastructure. The transportation and communication systems and other public goods (e.g., dams, sewers) necessary for an economy to function.

Intangible output. The output of services, which cannot be directly observed or measured.

Integration. The process of expanding either vertically (upstream or downstream) in the production process or horizontally (within the same product market).

Intellectual property rights. Establishing and policing patent, copyright, and trademark rights on an international basis.

Intensive subsistence agriculture. A high-intensity type of primitive agriculture practiced in densely populated areas of the developing world.

International currency markets. The internationalization of currency, banking, and capital markets.

International division of labor. The global system of geographically differentiated production set into motion under colonialism that concentrated high-wage, high-profit activities in the First World and relegated colonies and developing countries to low-wage, low-profit activities largely in the primary economic sector.

International economic order. The placement of countries within the world economy based on capital, trade, and production.

International economic systems. The system of the world economy based on flow across international boundaries.

International Monetary Fund (IMF). An international financial agency that attempts to promote international monetary cooperation, facilitate international trade, make loans to help countries adjust to temporary international payment problems, and lessen the severity of international payments disequilibrium, often by imposing Structural Adjustment Policies.

Internet. The global network of computer networks that allows data, video, and other information to be shared electronically among users.

Intracorporate trade. Trade among subsidiaries of the same corporation, typically using shadow pricing rather than market prices.

ISDN. Integrated Services Digital Network, the technical format that allows data to be exchanged on the Internet.

Journey-to-work. Travel by individuals to work; in American households, yielding the largest proportion of travel.

Just-in-time inventory systems. Quick response and delivery of parts and inventory from component plants to final assembly operations.

Knowledge worker. The class of laborers who work in information-intensive professional occupations such as management and producer services.

Kondratiev cycles. Named after the Russian economist who discovered them, these refer to long-term oscillations (roughly 50–75 years) in the capitalist economy linked to major waves of technological change, as measured by fluctuations in prices, output, profits, productivity, and employment.

Labor. An input factor of production that consists of living human beings and their capacity to generate value.

Labor force. Those in society who work, including both the employed and unemployed.

Labor-intensive production. Forms of industry in which a high proportion of labor is used relative to the amount of capital employed per unit of output.

Labor migration theory. An explanation of the process of changing residences from one geographic locale to another due to economic factors.

Land. A factor of production that includes not only a geographic portion of the earth's surface but also the raw materials from this region.

Land degradation. Decline in the usable quality of a landscape via deforestation, soil erosion, and diminished soil fertility.

Less developed countries (LDCs). The Third and Fourth worlds, encompassing Latin America, Africa, and most of Asia, characterized by relatively high rates of population growth and low per capita income.

Limits to Growth. The opinion by the Club of Rome that the optimum population size for the world shows that growth must be limited; a gloomy forecast by Paul Ehrlich suggesting worldwide famine and war as the inevitable results of continued increases in world population.

Line-haul costs. Costs involved in moving commodities along a route.

Location theory. A compilation of ideas and methods dealing with questions of accessibility.

Locational factors. Major elements that shape the decision of the firm to locate in some places and not others, including cost and productivity of labor, land, and other inputs. .

Maglev. A magnetically levitated train that operates with a linear induction engine and cruises on a cushion of air at high speeds on a detached right-of-way; heralded as the state of the future in ground transportation systems.

Malthusianism. The ideology originating with Thomas Malthus that holds overpopulation to be the major, or even only, cause of most world problems.

Maquiladoras. Assembly plants in Mexico, usually foreign-owned, for the production of textiles, electronics, automobiles, and other goods, mostly for export.

Mariculture. Commercial growth of maritime species for sale on the market.

Market. An institution composed of buyers and sellers of commodities. Just as there is a large array of different types of producers and consumers, there are many kinds of markets for different goods and services, ranging dramatically in size and sophistication.

Maximum sustainable yield. Maximum production consistent with maintaining future productivity of a renewable resource.

Mediterranean agriculture. A type of agriculture that produces specialty crops because of mild climates, including citrus, grapes, nuts, avocados, tomatoes, and flowers.

Mercantilism. The economic ideology that holds the state's primary responsibility is to maximize a country's wealth by discouraging imports and promoting exports; it was widely popular from the sixteenth to the early nineteenth centuries.

Microelectronics. Semiconductors, integrated circuits, and electronic components and parts.

Migration. A change in residence intended to be permanent, frequently across international boundaries.

Minerals. Natural inorganic substances that have a definite chemical composition and characteristic crystal structure, hardness, and density.

Mixed crop and livestock farming. The raising of beef cattle and hogs as a primary revenue source, with the crops fed to the livestock.

Mode of production. A Marxist term that refers to the basic forces and social relations of production. Slavery comprised one mode, feudalism another, capitalism yet a third. Each is typified by an ensemble of class relations, culture, technologies, and geographical landscape.

Modernization theory. The approach to development that maintains countries should embrace global capitalism, reduce trade barriers, invite foreign investment, and diffuse markets to stimulate growth.

Multiplier. The effect on total employment (or output, wages, and profits) generated by changes in an industry, including interindustry linkages and expenditures resulting from changes in personal income (wages and salaries).

NAFTA. The North America Free Trade Agreement signed by Mexico, Canada, and the United States that began in 1994 and gradually removed all tariffs and nontariff barriers among them.

Nation-state. A nation of people who enjoy an independent territorial state.

Natural growth rate (NGR). Population growth measured as the excess of live births over deaths per 1000 individuals per year; it does not reflect emigration or immigration.

Negative population growth. A falling level of population where out-migration and death exceed in-migration and births.

Neocolonialism. The state of being economically independent on paper (*de jure*), but not in practice (*de facto*), that is, the domination of a country's economy by foreign corporations.

Neo-Malthusian. The perspective that holds that despite the fact that Malthus' original analysis and predictions were flawed, the essence of his views remains correct in the long term.

Net migration rate (NMR). The difference between in-migration (or immigration, if international) and out-migration (or emigration) rates.

Newly industrializing countries (NICs). Rapidly growing economies in the less developed world, mostly in Asia, that have experienced sustained growth and rising levels of prosperity. See also *Four Tigers*.

Nonbasic sector. The part of an urban or regional economy that caters to local demand (i.e., it is not export-oriented), including retail sales, real estate, and consumer services.

Nondirect production workers. Workers in a manufacturing firm who are not directly involved in the production process (e.g., management, administration, research, marketing, and sales).

Nonpoint sources. Sources of pollution that do not lie in one point but are broadly spread out; typically this refers to agricultural sources.

Nonprofit services. Services provided for reasons other than making a profit, including those provided by churches, charities, and civic organizations.

Nonrenewable resources. Resources that are fixed in amount—that cannot regenerate—such as fossil fuels and metals.

Nontariff barriers. Restrictions other than tariffs that limit entry into an industry by competitive firms or countries, including quotas and a variety of legal limitations such as licensing requirements.

North American Free Trade Agreement (NAFTA) See *NAFTA*.

North American Manufacturing Belt. The core manufacturing region of the United States extending from Boston westward through upstate New York, southern Ontario, Pennsylvania, Ohio, southern Michigan, and southeastern Wisconsin.

Nuclear energy. The energy released either through nuclear fission or fusion; for humans, this includes nuclear weapons and power plants.

Nuclear fission. Energy released when hydrogen atoms are fused; while this powers the sun, and has been generated artificially by people, it is not a commercially feasible energy source.

Nuclear fusion. Energy released when large, usually uranium, atoms are split; the basis for nuclear power plants.

Offshore assembly. An arrangement whereby firms based in advanced industrial countries provide design specifications to producers in underdeveloped countries, purchase the finished products, and then sell them at home or abroad.

Offshore banking centers. Banking centers in less regulated parts of the world, often in small island states that offer generous tax benefits to attract foreign financial firms.

Oligopoly. The control of a market by a small number of firms or producers that can affect the market price.

Organization of the Petroleum Exporting Countries (OPEC). The international cartel of oil-producing countries.

Outsourcing. The subcontracting and shifting of work to other locations and firms outside the principal corporation.

Overpopulation. A level of population in excess of the "optimum" level relative to the food supply or rate of consumption of energy and resources.

Ozone layer. Layer of O_3 (trioxygen) in the atmosphere that protects life from excessive ultraviolet radiation.

Parity price. Equality between the prices at which farmers could sell their products and the prices they need to spend on goods and services to run the farm.

Passive solar energy. Means of harvesting solar energy through panels.

Pastoral nomadism. Animal herds used for subsistence, moved from one forage area to another, in a cyclical pattern of migration.

Peasant agriculture. Subsistence agriculture, using little mechanical equipment and producing labor-intensive crops.

Plantation. Sites of intensive cultivation of commercial crops grown largely for export; developed during the colonial era, plantations are still used to grow both food and nonfood crops.

Point sources. Sources of pollution that are concentrated in one location, such as a factory.

Political economy. The approach to studying society that views social relations as a unified whole organized along lines of class, gender, ethnicity, and other lines of power.

Population density. The average number of people per unit area, usually per square mile or square kilometer.

Population pyramid. A special type of bar chart indicating the distribution of a population by age and sex.

Post-Fordism. Also called flexible production, the type of production that emerged in the late twentieth century characterized by automated production, just-in-time inventory systems, and the capacity to produce goods profitably in small quantities, offsetting the advantages formerly generated by economies of scale.

Postindustrial economy. A theory that modern society is dominated by services and maintains that they form a historically new type of economic and social system and landscape in which a class of knowledge professionals will end traditional scarcity through rising productivity.

Poststructuralism. An approach to philosophy and social science that questions the ordered appearance of the world and the idea of objectivity, asserting instead there are many language-based interpretations that rival one another.

Price floor. A guaranteed price above the market price set by the government as the basis for agricultural subsidies.

Primary sector. Economic activities associated with the extraction of raw materials, including farming, fishing, mining, and forestry.

Privatization. The process by which government-owned assets are transferred to private ownership and management.

Producer services. Services that sell their output (primarily expertise and specialized information) to other firms rather than to households, including financial services and business services (e.g., legal services, advertising, accounting, public relations, etc.).

Product life cycle. The typical sequence through which a product passes, from its introduction into the market to when it is replaced by a new product.

Product market. The market where households buy and firms sell the products and services they have produced.

Production linkages. Purchases and sales of tangible inputs and outputs by firms, as opposed to other types of interfirm linkages such as specialized services and information.

Productivity. The ratio of outputs to inputs; productivity growth is the rise in productivity over time.

Profit. The difference between gross revenues and production costs.

Projected reserves. Estimated future supply of a given finite resource.

Protectionism. An effort to protect domestic producers by means of controls such as tariffs and quotas on imports.

Push-and-pull factors. The conditions in the source area that tend to drive people away and the perceived attractiveness of the destination that simultaneously stimulates migration flows.

Quota. A restriction on imports imposed by one country against another as a form of protectionism; the most common form of nontariff barrier.

Raw materials. A substance in the physical environment considered to have value or usefulness in the production process.

Recycling. The reuse of discarded materials after they have passed through some form of treatment (e.g., melting down glass bottles to produce new bottles).

Regional economic integration. The international grouping of sovereign nations to form a single economic region.

Renewable natural resources. Resources, such as water, timber, or fish, that can be replenished relatively easily.

Renewable resources. Resources capable of yielding output indefinitely if used wisely, such as water and biomass.

Reserve. A known and identified deposit of resource materials that can be tapped profitably with existing technology under prevailing economic and legal conditions.

Residential location decision. The process whereby households decide where to live, typically involving trade-offs between rent and commuting costs and subject to budget constraints.

Resource. A naturally occurring substance that can be extracted under prevailing conditions and be of potential profit.

Reverse commuting. Daily commuting from city center to suburbs, rather than the opposite direction, which is more common.

Scale. As opposed to spatial scale, scale in production refers to varying levels of output over which firms can spread their fixed costs and achieve economies of scale.

Second World. A term used during the Cold War but now obsolete; it included the former Soviet Union and its client states in Eastern Europe, Mongolia, and Cuba.

Secondary sector. The processing of materials to render them more directly useful to people; manufacturing.

Serfs. The basis of the rural agricultural labor force under feudalism. Unlike slaves, serfs were not owned by a master but were bound to the land by law and custom. Unlike wage workers, they did not receive payment for their work; rather, they paid their lord rent and kept any surplus that might remain.

Service linkages. Purchases and sales of intangible inputs and outputs, such as information and expertise by firms, as opposed to production linkages in tangible goods.

Services. Economic activity associated with the buying and selling of intangibles, including expertise and information.

Shifting cultivation. Also called swidden or slash-and-burn, it is the temporary use of rain forest land for agriculture by cutting and burning the overgrowth.

Slash-and-burn agriculture. Also called swidden or shifting cultivation, it is the temporary use of rain forest land for agriculture by cutting and burning the overgrowth.

Social relations of production. A Marxist term that refers to ownership and control of the means of production, that is, the pattern of class in a given mode of production.

Solar energy. Radiation from the sun, which is transformed into heat primarily at the earth's surface and secondarily in the atmosphere.

Spatial integration. Linkages between a city or firm and the members of its economic environment.

Spatial interaction. The movement, contact, and linkage between points in space, for example, the movement of people, goods, traffic, information, and capital between one place and another.

Spatial mismatch. The mismatch between the supply and demand for skills in a particular region, usually meaning the need for skilled workers and the supply of unskilled ones.

Special Economic Zones (SEZs). The export processing zones set up by the Chinese government along its Pacific Coast in the late twentieth century.

Spring wheat. Wheat that is planted in the spring and harvested in the fall, in contrast to winter wheat.

Squatter settlements. Residential areas that are home to the urban poor in underdeveloped countries. The various terms used to identify squatter settlements include the following: *callampas, tugurios, favelas, mocambos, ranchos,* and *barriadas* in Latin America; *bidonvilles* and *gourbivilles* in North Africa; *bustees, jhoupris, jhuggis, kampongs,* and *barung barong* in South and Southeast Asia.

Stage model of agriculture. Developed by Boserup, it refers to the intensification of agricultural activity and rising productivity that accompany growing population levels.

Stock resources. Resources with fixed total supplies, such as mineral ores or petroleum, or ones that are replenished only very slowly, such as soil or timber.

Strategic minerals. Those minerals deemed critical to the economic and military well-being of the nation.

Structural adjustment. The policies advocated by the International Monetary Fund as requirements for debt restructuring, typically including currency devaluation, reductions in government subsidies, and privatization.

Subsistence agriculture. Peasant agriculture, using little mechanical equipment, producing meager and labor-intensive crops.

Suburbanization. The movement of people and economic activity from inner-city regions to the outer rings of a city.

Surplus value. A Marxist term for the value of output a worker generates but for which he or she is not compensated. Based on

the labor theory of value, this view holds that workers ultimately create all wealth but are not compensated for their efforts by the market price of their labor. All employment relations are thus held to be inherently exploitative.

Sustainable agriculture. Agricultural practices that do not do long-term damage to the environment and that minimize ecological disruption.

Sustainable development. Economic development that aims at long-term environmental sustainability rather than short-term profit maximization.

Swidden agriculture. See *shifting cultivation*.

Target pricing. Direct payment by the government to a farmer of the difference between the market selling price and the price that the government has set artificially.

Tariff. A schedule of duties placed on products. A tariff may be levied on an *ad valorum* basis (i.e., as a percentage of value) or on a specific basis (i.e., as an amount per unit). Tariffs are used to serve many functions—to make imports expensive relative to domestic substitutes; to retaliate against restrictive trade policies of other countries; to protect infant industries; and to protect strategic industries, such as agriculture, in times of war.

Tax-haven country. A typically small nation, often an island, that gives extraordinary tax breaks to lure foreign capital and corporations.

Tax havens. Local governments that give tax-related inducements to influence banking or industrial location.

Telework centers. Offices organized by firms where telecommuters may work, facilitating telework but not from the home.

Teleworking. Work performed via electronic lines of communication, including the Internet, either at home or via telework centers.

Terminal costs. Costs incurred in loading, packing, and unloading shipments and preparing shipping documents.

Terms of trade. The relative prices of exports to imports for a country.

Tertiary sector. Economic activity that produces intangibles, that is, services.

Third World. The set of countries, mostly former European colonies and mostly economically underdeveloped, located in Latin America, Asia, and Africa.

Time–space compression or convergence. The reduction in travel time between places that results from transportation and communication improvements.

Total fertility rate. The number of live births per 1000 people in a country per year.

Township and Range System. Initiated by Thomas Jefferson, it is the primary system of land demarcation west of the Mississippi River; using a series of latitude and longitude lines, it not only was critical in the creation of property parcels in the nineteenth century but became the basis of many county and state borders too.

Trade deficit. The excess of a country's imports over exports for any specific year.

Tragedy of the commons. The frequent overuse rather than conservation of public resources by the cumulative isolated actions of individuals, thus ruining resources held in common.

Transmaterialization. Change in the form of a product into a consumable form, for example, sugar cane into refined sugar.

Transnational corporations (TNCs). Companies that operate factories or service centers in countries other than the country of origin; also known as multinational corporations.

Transport costs. The alternative output given up when inputs are committed to the movement of people, goods, information, and ideas over geographical space.

Truck farming. Farms on the periphery of urban areas, mostly vegetables, with low transport costs to market.

Underconsumption. Consumption levels inadequate to meet basic human needs.

Underdevelopment. The state characterized by poverty, low rates of investment, high unemployment and rates of population growth, and low per capita incomes.

Underemployment. A shortage of job opportunities that forces people to accept less than full-time employment or being employed well beneath their training and ability.

Undernutrition. A state of poor health in which an individual does not obtain enough calories.

Unemployment. The state of actively seeking but unable to find employment.

Unequal exchange. The argument that an artificial division of labor has made earning a good income from free trade difficult for most less developed countries.

Uneven development. The persistent tendency of capitalism to generate social and spatial inequality, manifested geographically in rich and growing regions on the one hand, with abundant life opportunities, and poor or stagnant regions on the other, with widespread unemployment and poverty.

Uneven spatial development. The existence of geographic disparities in terms of living standards, quality of life, and opportunities.

Urban hierarchy. The system that ties cities together via various tiers stratified by population size and economic significance.

Urban sustainability. Urban growth that can occur over long periods by minimizing environmental impacts.

Urbanization economies. The benefits firms accrue from locating in large cities, thus gaining access to other firms, information, labor, and infrastructure.

Use value. The usefulness of a commodity to the person who possesses it, i.e., its subjective ability to satisfy wants.

Utility maximization. In neoclassical models of consumption, the tendency of consumers to achieve the most satisfaction possible by allocating their incomes among goods and services that generate different use values.

Value added by manufacturing. The difference between the revenue of a firm obtained from a given volume of output and the cost of the input (the materials, components, services) used in producing that output.

Vertical integration. Expansion of a firm's in-house productive capacity "upstream" (i.e., of inputs) or "downstream" (i.e., of outputs).

von Thünen model. A famous nineteenth-century land use model that revealed how land markets reflect the interaction of agricultural prices, production costs, and transportation as users seek to maximize their income or rent.

Wheat belts. Areas, such as those in North America, in which wheat is the predominant agricultural product.

Wholesale and retail services. Services that act as intermediaries between producers and consumers of goods, including warehouses and stores that sell to the public.

Wind farm. Capturing wind energy with wind turbines and converting it to electricity.

Winter wheat. Wheat that is planted in the fall, lies dormant through the winter, and is harvested in the spring.

World Bank. A group of international financial agencies that includes the International Bank for Reconstruction and Development, the International Finance Corporation, and the International Development Association.

World economy. A multistate economic system created in the late fifteenth and early sixteenth centuries by European capitalism and, later, its overseas progeny.

World Trade Organization (WTO). The world trade union that came into existence following the Uruguay Round of the GATT Treaty. The WTO enforces trade rules and assesses penalties against violators.

World-systems theory. A theory that holds that countries and regions practice economic activities and succeed based on their ability to produce needed goods and services for the world economy.

Zero population growth (ZPG). A stable level of population in a country, not rising or falling from year to year, as a result of the combination of births, deaths, and migration.

Economic Geography: An Introduction

OBJECTIVES

- To acquaint you with the discipline of geography and the subfield of economic geography
- To discuss five major analytical themes useful in comprehending social and spatial issues
- To summarize the major paradigms for approaching economic geography
- To introduce capitalism as a system that forms the major focus of this volume
- To note the various dimensions of globalization
- To situate economic geography within the context of world development problems

Capitalist development, often expressed most intensely in the built environment of the city, reflects the constellations of forces that produce landscapes in different places and times. In Manhattan, flows of capital, labor, energy, raw materials, and information interact with the local physical environment to generate a unique combination that is both global and local simultaneously.

Jean-Pierre Lescourret/Photolibrary

Economic Geography: An Introduction

GEOGRAPHIC PERSPECTIVES

Everything that happens on the earth's surface is geographic. All social processes, events, problems, and issues, from the most local—your body—to the most global, are inherently geographic; that is, they take place in space, and where they are located influences their origins, nature, and trajectories over time. Everything that is social is also spatial, that is, it happens someplace. Where you are sitting now, how you got there, where you live and work, the patterns of buildings and land uses in your school or city, transport routes, and the ways people move through them all are different facets of geography; so are the distributions of the world's cultures, the patterns of wealth and poverty, the flows of people, goods, disease, and information.

Geography is the study of space, of how the earth's surface is used, of how societies produce places, and how human activities are stretched among different locations. In many respects, geography is the study of space in much the same way that history is the study of people in time. This conception is very different from simplistic popular stereotypes that portray geographers as a boring bunch concerned only with drawing boundaries and obsessed with memorizing the names of obscure capital cities. Essentially, the *discipline of geography examines why things are located where they are.* Simply knowing where things are located is relatively simple; anyone with a good atlas can find out, say, where bananas are grown or the distribution of petroleum. Geographers are much more interested in explaining the processes that give rise to spatial distributions, not simply mapping those patterns. Much more interesting than simply finding patterns on the earth's surface is the *explanation* linking the spatial outcomes to the social and environmental processes that give rise to them. Thus, geographers examine not only where people and places are located but how people understand those places, give them meaning, change them, and are in turn changed by them. Because this issue involves both social and environmental topics, geography is the study of the distribution of both human and natural phenomena and lies at the intersection of the social and physical sciences.

All social processes and problems are simultaneously spatial processes and problems, for everything social occurs somewhere. More important, *where* something occurs shapes *how* it occurs. Place is not some background against which we study social issues, but it is part of the nature and understanding of those issues. Geographers ask questions related to location: Why are there skyscrapers downtown? Why are there famines in Africa? How does the sugar industry affect the Everglades? Why is Scandinavia the world's leader in cell phone usage? How is the North American Free Trade Agreement (NAFTA) reshaping the U.S., Canadian, and Mexican economies? Why is China rapidly becoming a global economic superpower? How has the microelectronics revolution changed productivity and competitiveness and the global locational dynamics of this sector? What can be done about inner-city poverty?

To view the world geographically is to see space as socially produced, as made rather than simply given, that is, as a product of social relations, a set of patterns and distributions that change over time. This means that geographic landscapes are social creations, in the same way that your shirt, your computer, your school, and your family are also social creations. Geographers maintain that the production of space involves different spatial scales, ranging from the smallest and most intimate—the body—to progressively larger areas, including neighborhoods, regions, nations, and the least intimate of all, the global economy.

Because places and spaces are populated—inhabited by people, shaped by them, and given meaning by them—geographers argue that all social processes are embodied. The body is the most personal of spaces, the "geography closest in." Individuals create a geography in their daily life as they move through time and space in their ordinary routines. Societies are formed by the movements of people through space and time in everyday life. In local communities, neighborhoods, and cities—the next larger scale—these movements form regular patterns that reflect a society's

organization, its division of labor, cultural preferences and traditions, and political opportunities and constraints. Geographies thus reflect the class, gender, ethnicity, age, and other categories into which people sort themselves. Spatial patterns reflect the historical legacy of earlier social relations; political and economic organization of resources; the technologies of production, transportation, and communications; the cultures that inform behavior and guide it; and legal and regulatory systems. The global economy itself—an intertwined complex of markets and countries—involves planet-wide patterns of production, transportation, and consumption, with vast implications for the standard of living and life chances of people in different areas.

Geographers study how societies and their landscapes are intertwined. To appreciate this idea, we must recognize that social processes and spatial structures shape each other in many ways. Societies involve complex networks that tie together economic relations of wealth and poverty, political relations of power, cultural relations of meanings, and environmental processes as well. Geographers examine how societies and places produce one another, including not only the ways in which people organize themselves spatially but also how they view their worlds, how they represent space, and how they give meaning to it. Divorcing one dimension, say the economic, from another, such as the political, is ultimately fruitless, but to make the world intelligible we must approach it in manageable chunks. This text centers upon only one aspect of this set of phenomena, economic landscapes.

Economic geography is a subdiscipline concerned with the spatial organization and distribution of economic activity (production, transportation, communication, and consumption); the use of the world's resources; and the geographic origins, structure, and dynamics of the world economy. Economic geographers address a wide range of topics at different spatial scales using different theories and methodologies. Some focus on local issues such as the impacts of waste incineration facilities, while others study global patterns of hunger and poverty. Conceptual approaches found in economic geography include models of supply and demand, political economic analyses focused on class and power, feminist theorizations centered on gender, and views that deliberately blur the boundaries between the "economic" and other spheres of society such as culture, consumption, and politics. Methodologically, economic geographers use a range of tools that includes geographic information systems, mathematical models, and qualitative assessments based on interviews and field work.

FIVE ANALYTICAL THEMES FOR APPROACHING ECONOMIC GEOGRAPHY

One means of starting a comprehensive analysis of economic geography is through five analytical themes. These broad generalizations are designed to encourage you to think about economic landscapes and include: (1) the historical specificity of geographies; (2) the interconnectedness of regions, particularly with the rise of the global capitalist economy; (3) the interpenetration of human and biophysical systems; (4) the importance of culture and everyday life in the creation of social and spatial relations; and (5) the centrality of comprehending social structures and their spatial manifestations.

1. The study of space is inseparable from the study of time. If one accepts the discipline of geography as the study of human beings in space and history as its temporal counterpart, then this theme implies that geography and history are inseparable, indeed indistinguishable. It is the accumulated decisions of actors in the past—firms, individuals, organizations, governments, and others—that created the present, and it is impossible to explain the contemporary world meaningfully without continual reference to their actions and the meanings they ascribed to them. Historical awareness undercuts the common assumption that the present is the "typical" or "normal" way in which human beings organize themselves, for it is history as much as geography that teaches us the full range and diversity of human behavior, cultures, and social systems. All geographies are constructed historically, and all histories unfold spatially. Such an emphasis leads directly to the question of *how* histories and geographies are produced, particularly through the everyday lives of ordinary individuals. Historical geography—a redundancy, for *all* geography is inescapably historical—is thus much more than simple reconstructions of past worlds; it is the analysis of the reproduction of social systems over space-time as they are transformed into the present.

But there is a broader meaning to unveil here. Taking history seriously means acknowledging that geographies are always changing, that they are forever in flux, that landscapes are humanly created and therefore plastic and mutable. History is produced through the dynamics of everyday life, the routine interactions and transient encounters through which social formations are reproduced. "Time" is thus not some abstract independent process; it is synonymous with historical change (but not necessarily progress) and the capacity of people to make, and change, their worlds. There is, for example, no need to accept the geography of poverty (at any spatial scale) as fixed and inevitable, whether in New York City or Bangladesh. Like landscapes or buildings, poverty is socially constructed, the outcome of political and economic forces. To understand how geographies are produced historically, therefore, is to focus on the dynamics that underpin their creation. Views that purport to represent a "snapshot in time," therefore, are more deceiving than illuminating; it is the *process* that underlies the creation of places that is central, the social dynamics at work, not their appearance at one instant in time.

2. Every place is part of a system of places. Unlike traditional approaches to geography, which studied regions in isolation, this theme notes that all regions are interconnected, that is, they never exist in isolation from one another. Indeed, places are invariably tied together to a greater or lesser extent by the biophysical environment (e.g., winds and currents, flows of pollution), flows of

people (migration), capital (investment), and goods (trade), and the diffusion of information, innovations, and disease. Places are inevitably part of a network of places because contemporary social relations stretch across regions. It follows that what happens in one place must affect events in others; the consequences to action are never purely local. For example, the Chernobyl meltdown in Ukraine in 1986 led to clouds of radioactive emissions that crossed Scandinavia and entered North America; the North American Free Trade Agreement (NAFTA) links regions from southern Mexico to Quebec; and the jet airplane made the contemporary world vulnerable to new diseases such as AIDS and swine flu.

While this theme holds in the study of many places throughout history, it is especially relevant since the rise of capitalism on a global basis beginning in the sixteenth century. More broadly, the global system of nations and markets has tied places together to an unprecedented degree, including international networks of subcontracting, telecommunications, transnational firms, and worldwide markets, as any trip to the grocery store will attest.

3. Human action always occurs in a biophysical environment. The biophysical environment (or in common parlance, "nature," a term that suffers from its popularity and unfortunately carries connotations of the nonsocial or "natural") includes the climate, topography, soils, vegetation, and mineral and water resources of a region, and affects everything from the length of a growing season to transport costs to energy supplies. It is important to acknowledge that these factors *affect* the construction of histories and geographies. But the interpenetration of people and nature is a two-way street. Everywhere, nature has been changed by human beings, for example, via the modification of ecosystems; annihilation of species; soil erosion; air, ground, and water pollution; changed drainage patterns; agriculture; deforestation; desertification; disruptions of biogeochemical cycles; and more recently, alterations in the planetary atmosphere (e.g., global warming). Indeed, human beings can't live in an ecosystem without modifying it. More recently, political ecology has much to say about the interactions of capitalism, culture, and nature. In short, the formation of geographies is neither reducible to the biophysical environment nor independent of it.

This theme points to how geographies are produced in the context of particular biophysical environments and how those environments are always and everywhere changed through human actions. For example, think about human modifications of the New World prior to the Columbian encounter, which dispels the myth that native peoples left their world in a state of untouched virginal innocence. Political conflicts over, say, water and petroleum in the Middle East, or diamonds in Africa, illustrate the role of nature in current geopolitics. The spatial structure of the Industrial Revolution may be seen as profoundly preconditioned by the location of the large coal deposits in the north European lowlands stretching from Wales to Silesia.

4. Culture—the shape of consciousness—is fundamental to economic geography. This theme begins with the recognition that human beings are sentient beings; that is, they have consciousness about themselves and their world, as manifested in their perceptions, cognition, symbolic form, and language, all of which are fundamental to any understanding of the human subject. Social science is thus fundamentally different from analyses of the nonhuman world, in which the consciousness of what is studied is not at issue (except, perhaps, in the behavior of some animals). Moving beyond the usual elementary definitions of culture as the sum total of learned behavior or a "way of life" (religion, language, mores, traditions, roles, etc.), social theory allows for an understanding of culture as what we take for granted, that is, common sense, the matrix of ideologies that allow people to negotiate their way through their everyday worlds. Culture defines what is normal and what is not, what is important and what is not, what is acceptable and what is not, within each social context. Culture is acquired through a lifelong process of socialization: Individuals never live in a social vacuum, but are socially produced from cradle to grave.

The socialization of the individual and the reproduction of society and place are two sides of the same coin, that is, the macrostructures of social relations are interlaced with the microstructures of everyday life. People reproduce the world, largely unintentionally, in their everyday lives, and in turn, the world reproduces them through socialization. In forming their biographies every day, people reproduce and transform their social worlds primarily without meaning to do so; individuals are both produced by, and producers of, history and geography. Everyday thought and behavior hence do not simply mirror the world, they constitute it. Such a view asserts that cultures are always intertwined with political relations and are continually contested, that is, dominant representations and explanations that reflect prevailing class, gender, and ethnic powers are often challenged by marginalized discourses from the social periphery. This theme is useful in appreciating how the "economy" is not sealed off from other domains of social action; culture enters deeply into economic and political behavior. For example, the ideology of nationalism was vital to the historical emergence of the nation-state. Many industries that rely on face-to-face interaction, such as investment banking, are heavily conditioned by cultural norms of trust and behavior. Ethnicity and gender roles are critical to knowing how many economies operate.

5. Social relations are a necessary starting point to understanding societies and geographies. Social relations, of course, are only one of several ways with which to view the world; other perspectives begin and end with individual actors. However, to those who view societies as structured networks of power relations and not just the sum of individual actions, the analysis of social relations is indispensable. Social relations, studied through the conceptual lens of political economy, include the uneven distributions of power along the lines of class, gender, ethnicity, and place. A focus on power brings to the fore the role that class plays in determining "who gets what, when, where, and why," that is, the ways in which social

resources are distributed, as a central institution in shaping labor and housing markets, as a defining characteristic of everyday life, and as one of the fundamental dimensions of political struggle.

Political economy's dissection of the labor process, and the value-added chains that bring goods and services into our daily lives, allows for a penetration of what Marx called the "fetishization of commodities," the fact that they hide the social relations that go into their making. Given the importance of consumption in contemporary societies, such a perspective allows even the most ordinary of objects (e.g., a can of Coke) to become a vehicle for the illustration of social and spatial relations that stretch out across the globe. Further, the emphasis on social relations allows for an understanding of capitalism as one of many possible types of society, of the specific characteristics of capitalist society, and of the rich insights to be gained from recent investigations into its structural and spatial dynamics, including the periodic restructuring of regions, uneven development, the ways new technologies are incorporated into social systems, boom-and-bust cycles, the service economy, and so forth.

Similarly, feminists have shown how social and geographic reality is pervasively *gendered*, that is, how gender relations are intimately woven into existing allocations of resources and modes of thought in ways that generally perpetuate patriarchy. To ignore gender is to assume that men's lives are "the norm," that there is no fundamental difference in the ways in which men and women experience and are constrained by social relations. A wealth of feminist scholarship on everything from employment to housing to the family has made this view an essential part of economic geography. Thus, spatial patterns of work and daily life are constructed around gender relations, including spatial differences between men and women in housing, work, and commuting patterns; how such relations typically favor men and disadvantage women; as well as how gender-based meanings saturate particular places.

MODES OF THEORIZING IN ECONOMIC GEOGRAPHY

Different generations of economic geographers have sought to explain local and global economic landscapes in different ways at different moments in time. In short, economic geography is an evolving discipline whose ideas are in constant flux. There is no "one" economic geography; there is only a large array of different economic geographies from which to choose. Three principal schools of thought that have long played key roles in this subdiscipline are examined here: location theory, political economy, and poststructuralism.

Location Theory

In the 1950s and 1960s, the introduction of computers and statistical techniques provided a framework for analyzing location decisions of firms and individuals and spatial structures (e.g., land-use patterns, industrial location, settlement distributions). This approach is called logical positivism, which emphasizes the scientific method in the analysis of economic landscapes, including the formulation of hypotheses, mathematical analysis, and predictive models.

An important part of this perspective, **location theory**, attempts to explain and predict geographic decisions that result from aggregates of individual decisions, such as those that underlie the locations of companies and households. Many location theorists modeled **spatial integration** and **spatial interaction**, the linking of points through transport networks and the corresponding flows of people, goods, and information, including commuting and migration fields and shopping patterns. Others sought to uncover the location of the elements of distribution with respect to each other, such as the hierarchy of cities. Spatial structures limit, channel, or control spatial processes; because they are the result of huge amounts of cumulative investment over years and even centuries, large alterations to the spatial structures of towns, regions, or countries are difficult to make, and thus change slowly. Spatial structure and social process are circularly causal: Structure is a determinant of process, and process is a determinant of structure. For example, the existing distribution of regional shopping centers in a city will influence the success of any new regional shopping center in the area.

Location theorists developed and applied a variety of models to understand economic and demographic phenomena such as urban spatial structure, the location of firms, influences of transportation costs, technological change, migration, and the optimal location of public and private facilities such as shopping centers, fire stations, or medical facilities. Models distill the essence of the world, revealing causal properties via simplification. A good model is simple enough to be understood by its users, representative enough to be used in a wide variety of circumstances, and complex enough to capture the essence of the phenomenon under investigation. Typically, models were developed, tested, and applied using quantitative methods.

All models are simplifications of the world based on assumptions, and location theory tended to assume a world of pure competition in which entrepreneurs are completely rational and attempt to maximize profits with perfect knowledge of the cost characteristics of all locations. This image of an entrepreneur became known as ***Homo economicus*** ("economic person"), an omniscient, rational individual who is driven by a single goal—to maximize utility (or happiness, for consumers) or profits (for producers). Essentially, location theory reduced geography to a form of geometry, a view in which spatiality is manifested as surfaces, nodes, networks, hierarchies, and diffusion processes.

Critics of spatial analysis note that this approach emphasizes form at the expense of process and tends to portray geographies as frozen and unchanging. The positivist approach is silent about historical context and politics, class, gender, ethnicity, struggle, power, and conflict, all of which are absolutely central to how the world works. By

not taking history seriously, this approach fails to explore the origins of contemporary processes and patterns in the past. Location theory tends to represent people as simply points on a map, abstracting them from their social worlds, as if they did not think and feel about their surroundings. Critics questioned the relevance of overly abstract mathematical models based on questionable assumptions that failed to capture the richness of political and social life. **Behavioral geographers** challenged the simplistic view of behavior as represented by *Homo economicus* and pointed to the complex ways in which spatial information is acquired perceptually and interpreted cognitively in a world of imperfect information. Others noted that location theory tends to reflect the status quo and is incapable of providing a comprehensive explanation of how geographies are tied to social, not simply individual, behavior. Location theory tends to have an inadequate understanding of inequality and how it is produced and reproduced.

Political Economy

Political economy is a way of viewing societies and geographies as integrated totalities, that is, as unified wholes with a structure that exceeds the sum of individual behaviors. In this view, *social* relations cannot be reduced to individual actions. As the term implies, this school includes both the political and economic realms and refuses to separate them: Economies are thoroughly political entities, and politics and power are inseparable from economics in many forms. Political economy is further closely related to the field of institutional economics, which analyzes the importance of formal and informal rules of behavior for economic outcomes, for instance, norms of trust and cooperation, private property rights, courts, parliamentary systems, and constitutions. Political economy is focused on the interactions between political agents; their institutional frameworks; the structure of class, power, and inequality; and social and economic constraints to individual behavior.

Because political economy embraces an enormous set of topics, it is useful to decompose the term into its constituent parts. Broadly speaking, economics may be defined as the study of the allocation of resources, including the production, distribution, and consumption of goods and services. More bluntly, it is the analysis of "who gets what, when, where, and why." Some people, lacking historical depth, erroneously assume that *economy* is synonymous with *market*, that is, that supply and demand and profit-maximizing behavior are universal phenomena throughout all space and time. A historically sensitive perspective, however, reveals that markets are only one possible way in which economic systems are organized, and fairly recent ones at that, emerging as the world's predominant mode of production only in the sixteenth century. Hunting and gathering, slavery, feudalism, and socialism are other, albeit largely extinct, forms.

The other component of political economy is politics, which may be loosely defined as the struggle for power. Power is a fundamental characteristic of all societies and, of course, takes many forms, including violence, personal charisma, status, the capacity to withhold favors, control over information, bureaucratic rank, the self-policing of ideology, the role of the state, and so on. Any time two or more individuals are gathered together, power relations exist in one form or another. One of the strengths of political economy is how it shows the multiple ways in which politics and economics are deeply interconnected, that is, as two indivisible sides of the same coin.

Political economists, many of whom were influenced by Marxism, charged that traditional theories of spatial organization obscure more than they reveal. In their view, location theories are narrowly conceived and blind to historical process—thus they are designed primarily to serve the goals of those who wield power. This approach maintains that a focus on the political organization of society and space—the ways in which power is organized and exerted to control resources—is fundamental to understanding space. Power is a fundamental part of how any social system is organized, and the economy and politics cannot be divorced, for power and wealth are always closely linked. Power is always unequally distributed among and within societies, and for political economists, therefore, social and spatial inequalities figure front and center in their analysis. Any understanding of economic geography, of who is relatively rich and powerful and who is poor and holds less power, must therefore invoke some notion of economic class, as well as gender, ethnicity, and other types of social relations. Political economists argued that the positivist views of human behavior were seriously undersocialized; that is, they ignored the social context in which people live and which deeply shapes what and how they think.

In contrast, political economy maintains that social relations cannot be reduced to individual behavior, that societies are more than the sum of their parts. Political economists dismiss the notion of the "free market" as a myth with little basis in reality; instead, there is capitalism, which is simultaneously economic, political, cultural, and spatial. As we shall see, government intervention is a hugely important part of how economic landscapes are created, unrealistic notions of the "free market" notwithstanding. Capitalist societies are defined by a particular configuration of economic relations centered on profit and accumulation, which arose in the sixteenth and seventeenth centuries, gradually coming to take over most of the world and uniting it today in a single, global division of labor. Thus, to understand economic landscapes we must understand their historical development, the class structure of a society, its relations of gender and ethnicity, and how these are tied to culture and ideology.

For political economists, economic landscapes are the products of changing social relations of power and wealth that organize space in a broad array of historically distinctive forms. To understand the developing world, for example, political economists maintained that one must examine the long history of colonialism, the dynamics of the contemporary world that perpetuate poverty and injustice, the

behavior of transnational corporations (TNCs), and government policies. As more economic geographers delved into political economy, it gradually became the primary mode of analysis, an important distinction between the contemporary disciplines of geography and economics.

Poststructuralist Economic Geography

More recently, **poststructuralists** in geography and other disciplines have initiated yet another change in how we view the economy and economic landscapes. This perspective includes a wide diversity of views, but essentially poststructuralists maintain that the dynamics of capitalism cannot be understood independently of the modes of thought used to conceive, represent, and understand them. Capitalism thus does not simply exist outside of people's minds, but also inside of them. Thus, capitalism is as much "cultural" as it is "economic" and "political," and these distinctions are arbitrary; there is no reason to privilege economic relations over cultural ones. Rather, how we know the world shapes how we behave: Social discourses (e.g., maps, the news, popular conceptions) don't just reflect reality, but enter into its making. Poststructuralists thus put great emphasis on the nature of language and representation, on symbolic signification. This view tends to emphasize the complexity and randomness of social and spatial behavior. Rather than view a society and geography as a neatly organized totality, poststructuralists argued that there are instead multiple, overlapping networks of people and activities that cannot be neatly captured by a single worldview, and that we should accept the inherent complexity and messiness of the world we try to understand.

Poststructuralists initiated a "cultural turn" in geography that holds that the economy must be embedded within culture (i.e., that economic relations are always ones among people, emphasizing the role of signs and language in the production process). This view opened up areas for study that had long been ignored, such as geographies of consumption. In this view, there is no single, objective view of the world, only multiple, partial perspectives, each of which is tied to different power interests. The dominant views that naturalize the world thus tend to be those of the powerful, although there is always room to challenge them.

Economic geography has thus been characterized by major changes in thinking, and today several schools of thought coexist, often with heated debates among them. While the subdiscipline retains its long-standing interest in location theory and quantitative modeling, it has also steadily reduced the boundaries between analyses of the economic and the political, between economy and culture, between society and nature. Such bifurcations often distort more than they clarify, and economic geography today borrows freely from many points of view. Students of economic geography can learn from all of these perspectives and combine them in creative ways.

Because the reality of the world is inevitably understood from and through a particular worldview, it is essential that we are aware of different theoretical systems, their assumptions, strengths, limitations, and conclusions. For this reason, this text uses a comparative approach in which different perspectives are explained and contrasted. Looking at the world through different ideological lenses better enables us to meet the challenge of world development problems. The way in which a society answers the central questions of economic geography depends on its historical context, class and gender relations, the role of the state, its position in the world system, and cultures and ideologies.

CAPITALISM

Capitalism is the economic, social, political, and geographic system characterized by the private ownership of the economic means of production (the resources, inputs, tools, and capital necessary to produce goods and services). Because capitalism dominates the world today, its origins, structure, and changes are a central theme of this text: In many ways, economic geography today is the study of capitalist landscapes in various ways. Capitalism arose in Western Europe in the late fifteenth and sixteenth centuries, and, in the form of colonialism, ultimately came to be spread over most of the contemporary world.

The fundamental (but not the only) institution involved in the organization of factors of production in capitalist economies is the market, by which buyers and sellers interact through supply and demand on the basis of price. The guiding imperative in capitalist economies is **profit**, the difference between revenues a firm receives and its production costs. Profit dictates how capitalists behave as a class and how the market operates, and usually pushes other concerns aside. Only profitable products will be produced, based on market demand and price. Prices reflect the utility and value of goods, based on consumers maximizing their own interests, although demand is created through advertising. How and where goods are produced is based on labor and technology efficiency and the spatial distribution of production costs. In competitive market economies, the most efficient producers are the survivors; their production processes and locations will dictate how and where goods will be produced.

Capitalism features two major groups of decision makers—private households (and individuals) and businesses or corporations. The mechanisms that operate to bring households and businesses together are the resource market and the **product market**, which refer to the supply and demand for the inputs and outputs of the production process, respectively (Figure 1). Thus, resource markets organize **capital**, **land**, and **labor** to produce goods and services; product markets consist of buyers and sellers of those outputs. These markets are tied together through flows of capital (between businesses and resource markets), labor and wages (between households and resource markets), consumption expenditures for goods and

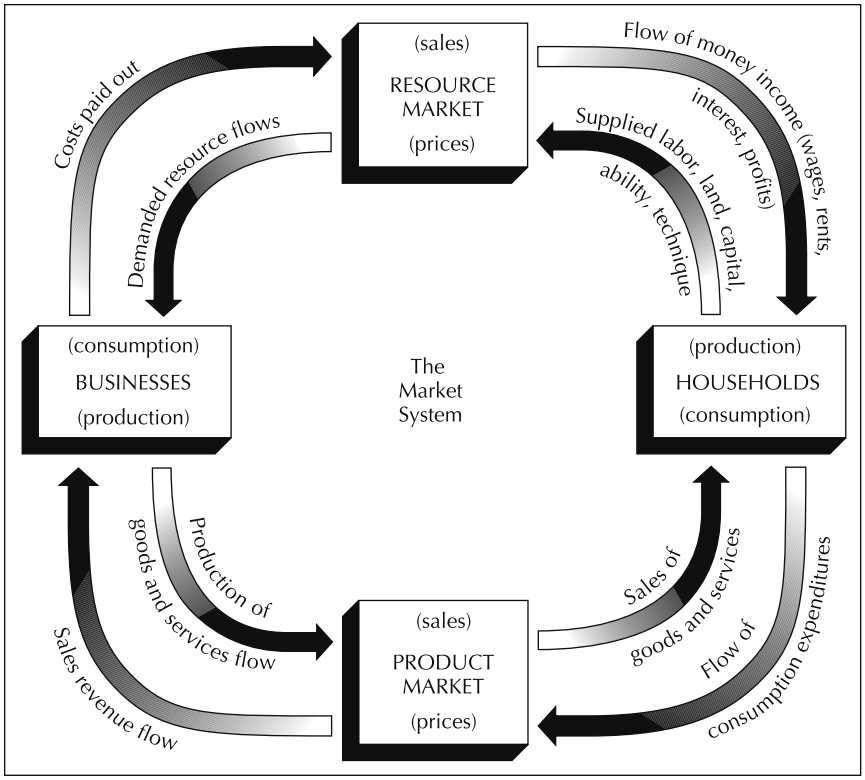

FIGURE 1 Circular flows in the capitalist economy. The circular flow in the capitalist economy involves a resource market where households supply resources to businesses and where businesses provide money income to households. It also consists of the product market where businesses manufacture and produce goods and services for households, while households provide money revenue from their wages and income to consume such goods and services. In the resource market, shown in the upper half of the diagram, households are on the supply side and businesses are on the demand side. The bottom half of the diagram shows the product market; households are on the demand side and businesses are on the supply side.

services (between product markets and households) (Figure 2), and sales revenues and profits (between product markets and businesses).

By adding the value of all the goods and services produced in a given country in one year, we can estimate its gross domestic product (GDP). (A similar measure, gross national product, GNP, includes the value of the activities of domestic companies in countries outside their borders.) Dividing each country's GDP by its population yields per capita GDP, a frequently used yardstick of quality of life (Figure 3). It is important to remember that maps and tables of abstract numbers reflect real-world conditions in which people live, work (Figure 4), find meaning and happiness, often suffer, and die. The United States, with a GDP of roughly $14 trillion, is the world's largest economy (Figure 5), followed by China and Japan. As economies grow and decline, the relative sizes of their GDPs change over time. However, although it has waxed and waned

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FIGURE 2 Systems of advanced commodity production offer consumers an enormous variety of goods and services from which to choose. However, sales in America are weak, with the economic slowdown. Millions of workers are unemployed, and others have cut spending in order to reduce consumer debt, further slowing the economy. The result has been a persistent combination of weak demand and slowing supply.

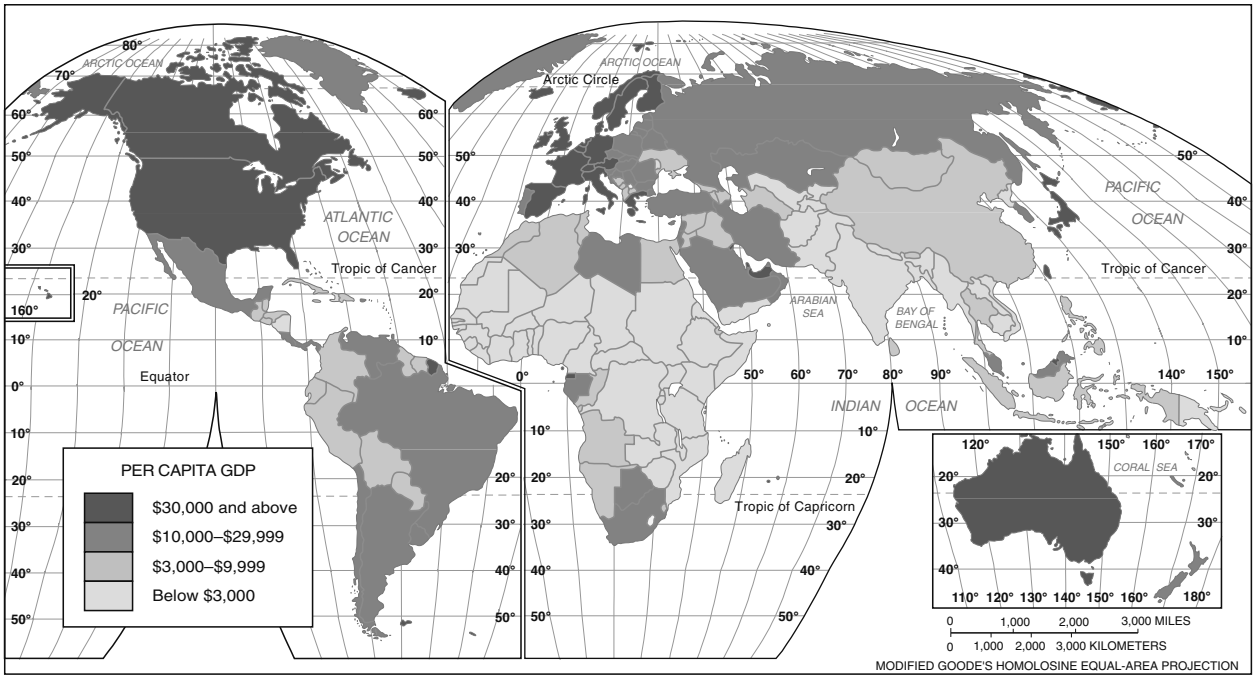

FIGURE 3 Gross domestic product (GDP) per capita—the total of the value of a country's output divided by its population—is the most commonly used measure of wealth and poverty in the world economy, and varies considerably around the world.

over time, the share of total world output produced by the United States, which has about 5% of the world's people, today stands at roughly 25% (Figure 6).

The popular understanding of capitalism holds that it consists just of markets. A commonly held view of capitalism is that it is synonymous with free markets and minimal governmental intervention, a system sometimes called *laissez-faire*. However, historically, truly free markets (with zero government rules) have never really existed; since there has been capitalism there has been a government of some form or another to shape markets. Governments have always been central to creating infrastructure, protecting property rights, providing public services such as education, and shielding producers from foreign competition, including immigrant labor. Indeed, the argument can be made that markets could not exist without some state role. This means that the various forms of capitalism are mixed systems in which both markets

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FIGURE 4 Egyptian farmer tilling the soil. This field is being prepared for growing cotton, to meet a worldwide demand for cotton clothing. In the future, the poorer countries of the world will have to rely on agriculture to raise their standards of living and to supply the capital they need to create industries. Agricultural production, therefore, must be increased. Some developing countries, such as Egypt, grow a disproportionate amount of nonfood crops for the export revenue it generates.

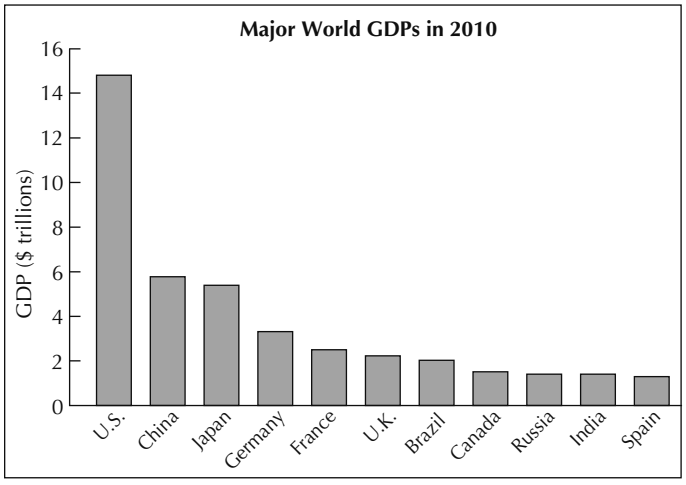

FIGURE 5 Major world GDPs in 2010. The United States, which generated roughly $14 trillion in output in 2010, is by far the world's largest economy and exerts a disproportionate influence over the rest of the world. China, the world's second largest, is rapidly growing, however. Japan and several European states form an important third tier.