Wallerstein s world systems theory aphg

What is industrialization? How has industrialization grown and spread in space and time? WHAT YOU NEED TO KNOW: The changing roles of energy and technologyThe industrial revolutionEcono economic development models: the phases of Rostow's economic growth and Wallerstein's world systems theoryThe criticisms of industrial position models: renting deals, Weber's comparative transport costs and industrial position in relation to resources, location of retail and service industries , and local economic development within competitive global systems of companies and smaller-scale localization principles, economic geographers also study the factors that determine where specific economic activities take place. All industries identify their production facilities based on the following geographical factors: They must provide easy access to the materials necessary for productionMust have an adequate supply of labor – either inexpensive or qualified It must be close to shipping and markets Minimize production costs – cheap labor and land. Natural factors such as climate, must be consideredThe history of the company and the personal inclinations of its leaders – the one who want two types of production costs: SITUATION FACTORS – mainly deal with transport – bringing raw materials or parts to the factory, and shipping finished products to consumers. BULK-REDUCING INDUSTRY – identify factories close to raw materials because raw materials are heavier than the finished product. BULK-GAINING INDUSTRY – Locations are usually determined by accessibility to consumers. SINGLE-MARKET MANUFACTURERS – clusters close to the markets – perishable products located near the large URBAN (von TH-NEN MODEL) SITE FACTORS markets – in particular for a geographical location and focus on the variable costs of land, labour and capital. LABOR-INTENSIVE INDUSTRIES must be close to the workers. LOCATION THEORY explains the localization model of economic activities by identifying the factors influencing this model. PRIMARY INDUSTRY develops around the location of natural resources. Then, as transport improves, SECONDARY INDUSTRY develops, which depends less on the location of resources. The position of secondary industries depends on: VARIABLE COSTS – energy, labour and transport is less expensive in some areas than others that encourage industries to developFRICTION OF DISTANCE – the cost of transporting raw materials increases further from source to factory – at some point, the distance is too great for practical transport. DISTANCE DECAY – Industries are more likely to serve markets in nearby places than those far away. LEAST-COST THEORY (Alfred Weber) - Companies identify their production facilities in the that minimizes and deals with dependence on variable costs. Weber's assumptions – (1) transport cost is determined by the weight of the good; (2) industries are competitive and aim to minimise their costs and maximise their profits; (3) markets are located in fixed locations; (4) (4) geography (quality of the territory) and political-cultural landscape are uniform throughout the model space. Transport costs (both raw materials and finished products),. FOOTLOOSE FIRMS – some industries do not have to be located near their raw materials or markets, since their products are so light and valuable (e.g. diamond and computer chip markets) – except for Weber's theory. SPATIALLY FIXED COSTS – do not change despite where the product is assembled – exception to Weber's theory. SPATIALLY VARIABLE COSTS that change depending on where the products are produced. AGGLOMERATION costs, (many companies in the same sector group in a relatively small area to draw from the same set of collective resources) ANCILLARY ACTIVITIES – economic activities that surround and support large-scale industries – shipping to food service. DEGLOMERATION – Companies leave an agglomerated region to start in a distant and new place. REGIONALITY – Agglomeration is part of a broader model of regionalization processes that occur in each nation's economy. Régionalisation is the process by which specific regions acquire characteristics that differentiate them from others within the same country. The leading MANUFACTURING SECTOR in the United States has historically been the Great Lakes region. While some regions experience economic benefits from régionalisation, others can become ECONOMIC BACKWATERS (BACKWASH EFFECT) – lagging behind or even turned away. Labor costs – cheap labor can allow a sector to do for higher transport costs. LOCATIONAL INTERDEPENDENCE THEORY – Influence on the location decision of a company by locations chosen by its competitors. This model is about VARIABLE REVENUE ANALYSIS or the company's ability to conquer a market. (Harold Hotelling example of ice cream vendors on a beach – see WOOD, pg. 172) Globalization Of all the phrases used to explain the current political and economic trends of the world, GLOBALIZATION is probably the most commonly abused. GLOBALIZATION is the idea that the world is integrating on a global scale so that small scales of political and economic life are becoming obsolete. Some argue that globalisation is breaking down social barriers, diminishing the significance of space and making geographical diversity a thing of the past. As the world globalizes completely, they say, the location will lose its meaning and people around the world will have the same access to standardized goods, services, and information. GLOBALIZATION has, however, had a long and tortuous history from the Renaissance, to INDUSTRIAL REVOLUTION with periods of interconnections. The current period of globalization is simply the more recent than a trend that seems to repeat itself over time. What makes this period of time unique are the almost instantaneous connections with increased telecommunications technology (Internet). The ever-faster flow of innovations, information and capital can have profound implications economic flows across borders and around the world. Others oppose the idea of GLOBALIZATION on the basis of its exclusivity. It has not kept its promise to provide standardised, high-quality goods and services, nor has it improved the lives of the world's poorest people, many of whom are still isolated from economic growth. Critics say MULTINATIONALS HAVE little participation in local communities and ecosystems, and cultural practices honored over time. Supporters of GLOBALIZATION say that the global economic system will give previously marginalized people more economic power, raise overall living standards, increase government accountability, and allow greater access to information. CORE-PERIPHERY MODEL – An obvious model in all measures of economic development is the division of the countries of the world into a global economic CORE, SEMI-PERIPHERY and PERIPHERY. The core-periphery models are based on the observation that within many space systems there are strong territorial contrasts in wealth, economic progress and development-growth - between economic central zones and peripheral subordinate areas. CORE - most of Europe, Japan, United States, Canada, Australia, New. They contain WORLD CITIES – London, Tokyo, New York – serve as global centers of economic activity. FAST WORLDSEMI-PERIPHERY – newly industrialized countries with median living standards – Chile, Brazil, India, China and Indonesia. Extreme distance between rich and poor. PERIPHERY – the least developed countries in the world – Africa (except South Africa) and parts of South America and Asia. Low standards of economic productivity and generally low living standards. Lack of infrastructure. SLOW WORLD WORLD-SYSTEM THEORY (or WORLD-SYSTEMS ANALYSIS) (Wallerstein, 1974) – to understand any state, we also need to understand its spatial and functional relationships within the world economy. It's a debate theory, but it encourages us to see the world as a system of interconnected parts. It helps explain how colonial powers have been able to accumulate large concentrations of wealth. Wallerstein believed in DEPENDENCY THEORY - The world economy benefits rich companies and harms other countries by making them dependent on major countries. Wallerstein first used the terms CORE, SEMI-PERIPHERY and PERIPHERY in 1974 to promote DEPENDENCY THEORY – many economic geographers now use the CORE-PERIPHERY MODEL to describe economic SPATIAL MODELS in general. Fundamental principles: The world economy has a global labour market and division. The world economy is CAPITALIST or market economy. COMMODIFICATION is the process of putting a price on an asset and then buying, selling and trading the good. To generate a profit, manufacturers look for the cheapest job, drawing from the globe. if the world has more states, almost everything happens in the context of the world economy. The economies of the world are linked together, generating intentional and undesirable consequences that fundamentally Places. COLONIALISM has set up this system. The world economy has a three-tier structure – places and processes: CORE processes incorporate higher levels of education, higher wages and more technology – the main processes generate more wealth in the world economy Training processes incorporate lower levels of education, lower wages and less technology – generate less wealth in the world economy. SEMI-PERIPHERY – places where both basic processes and suburbs occur – places that are exploited by the core, but in turn exploit the periphery. The theory of world systems emphasizes that world systems (and not nation states) should be the basic unit of social analysis). The world system refers to the international division of labour, which divides the world into basic countries, semi-peripheral countries and peripheral countries. The main countries focus on increased skill, capital-intensive production, and the rest of the world focuses on the production and extraction of low-skill, labour-intensive raw materials. This constantly strengthens the dominance of the main countries. Nevertheless, the system is dynamic and individual states can obtain or lose the nucleus state (semi-periphery, periphery) over time. For a time, some countries became the world hegemon; over the last few centuries, this status has passed from the Netherlands, the United Kingdom and, more recently, the United States. o The best-known version of the world system approach was developed by Immanuel Wallerstein. Wallerstein traces the rise of the world system until the 15th century, when Europe's feudal economy suffered a crisis and was transformed into a capitalist crisis. Europe (the West) has used its advantages and gained control over most of the world economy, resulting in unequal development. O Overall, Wallerstein believes that the development of the capitalist world economy is detrimental to a large part of the world's population. Similar to Marx, Wallerstein predicts that capitalism will be replaced by a socialist economy. What are the contemporary models and impacts of industrialization and development? INDUSTRIALIATE is the process by which economic activities on the earth's surface have evolved from the production of primary goods to the use of factories for the production of mass goods for consumption. INDUSTRIAL It has always been an important topic in ECONOMIC GEOGRAPHY, and any discussion on the geography of industry must begin with the INDUSTRIAL REVOLUTION of the 1700s: replaced COTTAGE INDUSTRIES with mass production and assembly lines called FORDISM. Social changes – increased wage work and large-scale URBANISATION. DIFFUSION of knowledge and technologyORIGIN - Britian in France and Germany PRIMARY or TRADITIONAL INDUSTRIAL for almost 200 years heavy industry is mostly limited to Northern Europe, East Asia and North America. Great Britain, France, the United States, Russia, Germany and Japan were the leaders. (see WOOD pg, 174-180 for the debate on primary and secondary industrial regions)) secondary)) information and SERVICE-BASED ECONOMIES – focused on research and development, marketing, tourism, sales and telecommunications – requires more training and extensive and specialized training by employees. Former workers find themselves out of work and with few economic options. DEINDUSTRIALITY is the process of industrial faculties leaving an area, bringing with them the economic base of that region. (E.g. An interesting aspect of deindustrialization is that it has highly regionalized effects – the entire United States has not suffered directly from GM's move. The Great Lakes region is now called rust belt due to inactive factories. When the region's economic gain translates into an economic loss of another, it's called BACK-WASH EFFECT. An economic revolution between 1960 and 1990 was the boom in high technology and the introduction of E-COMMERCE (online sale of things). Many thought they would replace BRICK-AND-MORTAR BUSINESSES (real stores where people could shop). One problem with E-COMMERCE is TRANSACTION COSTS – cost of delivering goods. NEW INDUSTRIAL REGIONS OR NEW INDUSTRIAL COUNTRIES (NICs) – The geography of industrial production is shifting from richer countries to plants in less developed countries where it is cheaper to produce goods. Four East Asian countries have experienced rapid growth: Taiway, South Korea, Hong Kong and Singapore are collectively known as ASIAN TIGERS or FOUR TIGERS. Increase in TRANSNATIONAL CORPORATIONS or multinationals – take advantage of geographical differences in wages, labour laws, environmental regulations, taxes and the distribution of natural resources by identifying various aspects of their production in different countries. Many transnational companies are also CONGLOMERATE COMPANIES - companies that are made up of many small businesses that serve different functions. EXPORT-PROCESSING ZONE – the areas officially designated for production, often have accessible distribution facilities, lax environmental restrictions and tax exemptions that are attractive to foreign companies. (E.g. MAQUILADORAS in Mexico) OUTSOURCING – process of transferring industrial production or service industries to external structures or organizations often outside the country. Some products and services are more sustable for outsourcing than others. BULK GAINING INDUSTRIES – The weight is higher after assembly and tends to have production centers near their markets. BULK REDUCING INDUSTRIES – the final product weighs less than its constituent parts. BREAK-BULK POINT is a PLACE, like a port, where large shipments of goods are divided into smaller containers to be shipped to local markets. OFFSHORE FINANCIAL CENTERS – political strategy to start economic growth. Provide a low-profile way for companies and individuals to conduct financial transactions and high taxes. (E.g. Panama, Luxembourg, Switzerland, Singapore, Kuwait) What is development? What are the WHAT YOU NEED TO KNOW: Gross domestic product (GDP) and GDP per capitaThe inequality index of the year and the Ginii Coefficient Fertility and mortality changeAccess to health care, education, utilities and sanitation, TO ECONOMIC SECTORS: PRIMARY ECONOMIC ACTIVITIES involves the collection or extraction of raw materials (e.g. fishing, agriculture, livestock and mining). Started about 10,000 years ago with agricultural revolution. Agriculture is the main occupation in many countries of the world. SECONDARY ECONOMIC ACTIVITIES are generally associated with the assembly of raw materials in consumer goods (e.g. heavy industry, textile production and production). Started with REVOLUTION INDUSTRIAL. It has changed lifestyles, values, beliefs and customs. TERTIARY ECONOMIC ACTIVITIES involve the exchange of goods produced in secondary activities (e.g. Started with POST-INDUSTRIAL COMPANIES. It changes the employment structure. QUATERNARY ECONOMIC ACTIVITIES include research and development, teaching, tourism – generation or exchange of knowledge. QUINARY ECONOMIC ACTIVITIES are generally considered a subset of quaternary activities and are those involving high-level decision-making and scientific research. OTHER DEVELOPED COUNTRIES (MDCs) – those that have experienced INDUSTRIALIZATION – LESS DEVELOPED COUNTRIES (LDC) – those that have not. COMPRESSED MODERNITY – rapid economic and political change Theories of ECONOMIC DEVELOPMENT – or the reasons for the conflicting theories of DEVELOPMENT GAP: MODEL MODERNIZATION or Westernization Model) – Max Weber – Any country that wants its economy to grow should study the paths taken by industrialized nations, and logically they too can reap the benefits of modernization, or Westernization. The theory of modernization identifies tradition as the greatest obstacle to economic development. In societies with strong family systems and a reverence for the past, culture discourages people from adopting new technologies that will raise their standard of living. DEPENDENCY THEORY – Putting primary responsibility for global poverty on rich nations. The economic development of many countries in the world is blocked by the fact that industrialised nations exploit them. This theory is a consequence of MARXISM. The problems cannot be solved by Westernisation because they must be tackled by establishing independence. In reaction to this theory, many LDCs have experimented with forms of SOCIALISM to reduce the gap between rich and poor. STRUCTURALIST THEORIES – argue that the least developed countries are stuck in a vicious circle of underdevelopment rooted in the global economic system that supports an unequal structure. ROSTOW DEVELOPMENT STAGES OR ROSTOW MODERNIZATION MODEL (1960) – the five stages of economic development. Its model has not explicitly such as global politics, colonialism, physical geography, war, culture and ethnic conflicts. There will not be two countries that will develop the same because of their history and culture. Environmentalists and others have criticized its model because of the relationship between development and consumption, arguing that development is not necessary for high consumption – for some developments it could mean things like increased social well-being or ecological sustainability. Even the Rostow model does not explain DEINDUSTRILITY or obstacles to development. Another criticism is that it considers each country to be an independent agent, rather than a piece of a country interconnection system. However, it is a very good example of a geographical concept that has made an extremely important contribution, partly because of what it says and partly because of the questions and criticisms that come with it. Phase 1 – TRADITIONAL PHASE: The country's economy is dominated by primary activities: productivity, technological innovation and per capita income remain low. Phase 2 – TAKE-OFF STAGE: The conditions for economic development arise, including the marketing of agriculture and the increase in the exploitation of raw materials. Phase 3 – DRIVE TO TECHNOLOGICAL MATURITY: Foreign investment pours in, starting an economy already pre-established for growth. Much of foreign investment has been the subject of infrastructure improvements, such as the construction of roads and canals. Phase 4 – HIGH MASS CONSUMPTION: The country develops a broad manufacturing and commercial base. Step 5: High income per capita and high levels of mass consumption MEASURES OF DEVELOPMENT: things that are difficult to measure because they mean so many different things to so many different people. Understand how different measures characterize the standard of living and the problems associated with each. ECONOMIC DEVELOPMENT MEASURES: GROSS NATIONAL PRODUCT (GNP) – measure of all goods and services produced by a country in a year, including those generated by its investments abroad. It provides a pretty broad view of PRODUCTIVITY. It is assumed that development can be measured simply in monetary terms and that any productivity is good productivity, both of which are highly questionable ideas. The value is shown in US dollars and does not represent the cash value of all goods produced by subsistence economies – it systematically reports lower values for productivity in developing countries. To solve this problem, economists have developed a new measure called PURCHASING POWER PARITY (PPP) – which represents what money actually buys within different countries. GNP is not the capital lost as a result of the exploitation of natural resources. GROSS DOMESTIC PRODUCT (GDP) – similar to GNP, unless it omits foreign investment. For a country like Japan that has investments on board GNP would be significantly higher than GDP. GDP per head is strongly linked to many many including literacy rates and levels of education, as economic development depends on a qualified national workforce.NET (NNP) product is a measure of all goods and services produced by a country in a year, including production from its investments minus the loss or degradation of natural resource capital due to productivity. The problem with NNP is that the dollar value of lost resources is difficult to calculate. Other economic development measures: energy consumption per capita; types of jobs; Worker productivity – (VALUE ADDED), access to raw materials, availability of consumer goods, etc. BIG MAC INDEX – compares the prices of a Big Mac worldwide (see REA, pg. 284) – also used to evaluate exchange rates. NON-ECONOMIC DEVELOPMENT MEASURES – SOCIAL DEVELOPMENT: HUMAN DEVELOPMENT INDEX: an example of an alternative measure of development. HDI calculates development not in terms of money or production, but in terms of human well-being. On a global scale, the human development model closely corresponds to that of GNP. According to the United Nations, HDI is based on the idea that development is a process of expansion of choice. It is based on: (1) GDP per head, (2) life expectancy; (3) level of education achieved; (4) literacy rates. The highest score is 1.0. In 2006, Norway was the highest with 0.965 and Niger the lowest with 0.311.GENDER EQUITY – an important measure of human well-being that is not necessarily related to GNP. Development, equality and sustainability (HG 6.5) The development process has been a great struggle for many countries, and many negative side effects have results. Developing countries often contain extreme social and economic inequality. Is it just growing pain or will inequality continue? Another development problem is that economic growth is probably not sustainable in the future due to limited non-renewable resources. Other negative side effects are pollution. Reduction of GAP DEVELOPMENT: SELF-SUFFICIENCY: the ability to provide for one's people, independent of foreign economies. A country should share its investment and development equally in all sectors of its economy and regions. RURAL areas must develop together with URBAN areas; poverty must be reduced across the country. It favours a closed economic state in which imports are limited and heavily taxed. The disadvantage is the corruption and inefficiency that limit development. TRADE INTERNATIONAL: Pushes a country to identify its unique set of strengths in the world and channel investments towards building these strengths. Countries need to find out what it can offer the world and capitalize on that good or service. A country has a COMPARATIVE ADVANTAGE when it is better to produce a particular good or one service compared to another country. FOREIGN DIRECT INVESTMENT – many LDCs actively encourage investment by foreign companies in their countries. They want to attract a MULTINATIONAL CORPORATION (MNC) by establishing O REGIONS – or regions offering special tax breaks, lightened environmental restrictions or other incentives to attract foreign businesses and investment. EXPORT-PROCESSING ZONE Refers to regions that offer tax breaks and loose labor restrictions in LDC countries to attract export-based production processes. Sometimes these are known as FREE-TRADE ZONES because tariffs and tariffs are revoked by governments that want to encourage CMOs to invest in their countries - FREE TRADEFAIR TRADE - policies that favor the supervision of FOREIGN DIRECT INVESTMENT and OUTSOURCING to ensure that workers around the world are guaranteed a living wage for their work. (e.g. Ten thousand villages) STRUCTURAL ADJUSTMENT LOANS – Loans with stipulations requiring the receiving country to make economic changes in order to use the loan. Loans from: WORLD BANKINTERNATIONAL MONETARY FUND (IMF) PRIVATI-ATION – sale of publicly managed industries to market-led companies. It can cause social difficulties for many families who once depended on government-owned and managed resources that were sold to profit-based companies. In addition, the movement of foreign companies in local economies threatens the survival of local businesses driven out of the market by the largest NCOs. NON-GOVERNMENTAL ORGANISATIONS (NGOs) – helping to promote economic development and human rights around the world. NGOs often provide resources and money to local businesses and lead to the progress of economic and human development. SUSTAINABLE DEVELOPMENT is an attempt to address the issues of social well-being and environmental protection in the context of capitalism and economic growth. This term has many different definitions, but here it means that the people who live today should be able to meet their needs without prohibiting the ability of future generations to do the same. Such as the long-term use of RENEWABLE RESOURCES vs. NONRENEWABLE RESOURCES or ECOTOURISM (tourism operations that aim to do as little damage as possible to the environment – hiking through a forest and celebrating ecological diversity against theme park. Problems: too vague and not attentive enough to the needs and desires of the local population. There is no guarantee that sustainable development will actually translate into the conservation of natural resources and biological diversity. Economic inequality is not born because there are not enough resources, it is the iniquitous distribution of wealth and resources. Coal replaced wood as the main source of energy during REVOLUTION INDUSTRIAL. Fossil fuels are now being used, especially in MDCs, and they run out. How much oil, coal and natural gas remain on earth uncertain. The energy deposits that have been are called PROVEN RESERVES and can be measured with reasonable precision. Potential Potential RESERVES are still an unknown. Oil is being consumed at a faster rate than is being seen, and world demand is rising rapidly. Mining takes a lot of time and cost (and can harm the environment – (i.e.: BP Oil Spill in the Gulf of Mexico, 2010). REVOLUTION INDUSTRIAL has set in motion the dramatic global inequalities that exist today between people and nations. Challenges for the MDGs: Impact of TRADING BLOCS – conglomerates of trade between countries within a region. It is important that the MDGs protect their markets from new competitors: competition occurs more frequently within regional trading blocs. Most cooperation and competition within and between trading blocs takes place through TRANSNATIONAL CORPORATIONS. Most transnational companies are based in the United States (including Japan and Europe). Within trade blocs, some areas are more industrialized than others that lead to internal inequalities (e.g.: The United States and Mexico). Important trade blocs: North America – NAFTA countries have negotiated with other Latin American countries to extend the trade bloc to new areas of the Western HemisphereThe EU – most trade barriers within Europe have been eliminated, and even countries that are not members (e.g. Switzerland and Sweden) are heavily dependent on trade with members. East Asia – there is no formal organization of states in East Asia, but Japanese companies play a leading role in the economies of other countries in the region. DEINDUSTRIALIZATION - Employment in manufacturing as a share of total employment has fallen dramatically. Many people are debating why deindustrialisation is taking place. Challenges for LDC countries: Distance from markets Inadequate instructionsCompetition with existing production in other countries. Transnational companies are based in the MDGs and highly skilled jobs are still in the MDCs – it prevents wealth from flowing from MDGs to LDCs. One issue debated is GLOBAL WARMING and GREENHOUSE EFFECT. Possible solutions to environmental problems: Prevention through government policies to protect the environmentI technical changes – the installation of filters for pollution acquisition and recycling – including by using other forms of energy, damage can be cancelled or reduced once it has occurred.Compensation – political bodies to negotiate compensation for those who have a negative impact on industrial waste. Many experiments and initiatives are currently underway to help people in the less developed world provide for themselves in a sustainable way and to help people think about the economy in different ways. (E.g. gross national happiness vs. GNP)