

## Chapter 12

### Services

#### Key Issues

1. Where did services originate?
2. Why are contemporary services located?
3. Why are consumer services distributed in a regular pattern?
4. Why do business services cluster in large settlements?

(374)

A **service** is any activity that fulfills a human want or need and returns money to those who provide it. In sorting out where services are distributed in space, geographers see a close link between services and settlements, because services are located in settlements. A **settlement** is a permanent collection of buildings, where people reside, work, and obtain services. They occupy a very small percentage of Earth's surface, well under 1 percent, but settlements are home to nearly all humans, because few people live in isolation. The optimal location of industry, described in the last chapter, requires balancing a number of site and situation factors, but the optimal location for a service is simply near its customers. On the other hand, locating a service calls for far more precise geographic skills than locating a factory. The optimal location for a service may be a very specific place, such as a street corner. Within MDCs, larger cities offer a larger scale of services than do small towns, because more customers reside there. As they do for other economic and cultural features, geographers observe trends toward both globalization and local diversity in the distribution of services.

(375)

#### Key Issue 1. Where Did Services Originate?

- **Three types of services**
- **Services in early rural settlements**
- **Services in early urban settlements**

Services are provided in all societies, but in MDCs a majority of workers are engaged in the provision of services. In North America, three-fourths of workers are in services. The percentage varies widely in LDCs but is typically less than one-fourth.

#### Three Types of Services

The service sector of the economy is subdivided into three types: consumer services, business services, and public services. Each of these sectors is divided into several major subsections.

#### Consumer Services

Nearly one-half of all jobs in the United States are in **consumer services**. Four main types are retail, education, health, and leisure.

- **Retail and Wholesale Services.** About 15 percent of all U.S. jobs. Department stores, grocers, and motor vehicle sales and service account for nearly one half of these jobs; another one-fourth are wholesalers who provide merchandise to retailers.
- **Education Services.** About 10 percent of all jobs in the U.S. jobs. Two-thirds of educators are employed in public schools, one-third in private.
- **Health Services.** About 12 percent of all U.S. jobs in the U.S., primarily hospitals, doctors'

offices, and nursing homes.

- **Leisure and Hospitality Services.** About 10 percent of all U.S. jobs. Around 70 percent of these are in restaurants and bars; the other 30 percent is evenly divided between lodging and entertainment.

### **Business Services**

**Business services** facilitate other businesses. Around 24 percent of all jobs in the U.S. are in the three types of business services: professional services, financial services, and transportation.

(376)

- **Financial Services.** About 6 percent of all U.S. jobs, often called “FIRE,” an acronym for finance, insurance, and real estate.
- **Professional Services.** About 12 percent of all U.S. jobs. One-half is in technical services, and one-half in support services.
- **Transportation and Information Services.** About 6 percent of all U.S. jobs. One-half in transportation and one-half in information, as well as utilities such as water and electricity.

### **Public Services**

The purpose of **public services** is to provide security and protection for citizens and businesses. About 17 percent of all U.S. jobs are in the public sector, 9 percent of public school employees are counted under education (consumer) services. One-fourth of public-sector employees work for the federal government, one-fourth for one of the state governments, and one-half for one of the local governments.

### **Changes in Number of Employees**

Between 1972 and 2009, all of the growth in employment in the United States has been in services. Employment grew more rapidly in some services than in others. Business services expanded in professional services. Financial and transportation grew more slowly because of improved efficiency. In consumer services, health care had the most rapid increase. Recreation and entertainment also had large increases. Retailing did not increase. More stores opened with fewer employees.

### **Services in Early Rural Settlements**

Before the establishment of permanent settlements as service centers, people lived as nomads, migrating in small groups across the landscape in search of food and water. No one knows the precise sequence of events through which settlements were established to provide services. Based on archaeological research, settlements probably originated to provide consumer and public services. Business services came later.

### **Early Consumer Services**

The early permanent settlements may have been established to offer consumer services, specifically places to bury the dead. Having established a permanent resting place for the dead, the group might then install priests at the site to perform the service of saying prayers for the deceased. This would have encouraged the building of structures — places for ceremonies and dwellings.

(378)

Until the invention of skyscrapers in the late nineteenth century, religious buildings were often the tallest structures in a community. Settlements also may have been places to house families, permitting unburdened males to travel farther and faster in their search for food. Women kept “home



and hearth,” making household objects, such as pots, tools, and clothing as well as educating the children. These household-based services evolved over thousands of years into institutions that create and store a group’s values and heritage and transmit them from one generation to the next. People also needed tools, clothing, shelter, containers, fuel, and other material goods. Men gathered the materials. Women used these materials to manufacture household objects and maintain their dwellings. The variety of consumer services expanded as people began to specialize. Settlements took on a retail-service function.

### **Early Public Services**

Public services probably followed the religious activities into early permanent settlements. The group’s political leaders also chose to live permanently in the settlement. The settlement likely was a good base from which the group could defend nearby food sources against competitors. For defense, the group might surround the settlement with a wall. Thus, settlements became citadels.

### **Early Business Services**

Everyone in settlements needed food, which was supplied by the group through hunting or gathering. People brought objects and materials they collected or produced into the settlement and exchanged them for items brought by others. The settlement served as neutral ground where several groups could safely come together to trade goods and services. To facilitate this trade, officials in the settlement provided producer services, such as regulating the terms of transactions.

### **Services in Early Urban Settlements**

Urban settlements date from the beginning of documented history in the Middle East and Asia. A handful of urban settlements provided business and public services, as well as some consumer services with large market areas. Virtually all settlements were rural, because the economy was based on the agriculture of the surrounding fields.

### **Services in Ancient Cities**

Urban settlements may have originated in Mesopotamia and diffused at an early date to Egypt, China, and South Asia’s Indus Valley. Or they may have originated independently in each of the four hearths.

**Earliest Urban Settlements.** Among the oldest well-documented urban settlements is Ur in Mesopotamia (present-day Iraq). Archaeologists have unearthed ruins in Ur that date from approximately 3000 B.C. Ancient Ur was compact, perhaps covering 100 hectares (250 acres), and was surrounded by a wall. The most prominent structure was a temple, known as a ziggurat. Surrounding the ziggurat were residential areas containing a dense network of narrow, winding streets and courtyards. Titris Hoyuk, in present-day Turkey, occupied a 50-hectare (125-acre) site and apparently had a population of about 10,000. Recent evidence unearthed from about 2500 B.C. suggests that early urban settlements were well-planned communities. Houses varied in size but were of similar design. Houses were apparently occupied by an extended family, because they contained several cooking areas.

**Ancient Athens.** Settlements were first established in the eastern Mediterranean about 2500 B.C., trading centers for the thousands of islands dotting the Aegean Sea and the eastern Mediterranean.

(379)

The settlement provided the government, military protection, and other public services for the surrounding hinterland. They were organized into **city-states**. Athens, the largest city-state in ancient Greece, was probably the first city to attain a population of 100,000.

**Ancient Rome.** The rise of the Roman Empire encouraged urban settlement. Settlements were

established as centers of administrative, military, and other public services, as well as retail and other consumer services. The city of Rome — the empire's center for administration, commerce, culture, and all other services — grew to at least 250,000 inhabitants, although some claim that the population may have reached a million. With the fall of the Roman Empire in the fifth century A.D., urban settlements declined and trade diminished. Large urban settlements shrank or were abandoned. For several hundred years, Europe's cultural heritage was preserved largely in monasteries and isolated rural areas.

### **Services in Medieval Cities**

Urban life began to revive in Europe in the eleventh century as feudal lords established new urban settlements. They gave residents charters of rights to establish independent cities in exchange for their military service.

(381)

By the fourteenth century, Europe was covered by a dense network of small market towns serving the needs of particular lords. The largest medieval European urban settlements served as power centers for the lords and church leaders, as well as major market centers. European urban settlements were usually surrounded by walls in medieval times. Dense and compact within the walls, medieval urban settlements lacked space for construction, so ordinary shops and houses nestled into the side of the walls and large buildings. Most of the world's largest cities were in Asia, not Europe, however, from the collapse of the Roman Empire until the diffusion of the Industrial Revolution across Europe during the nineteenth century. Beijing (China) competed with Constantinople as the world's most populous city for several hundred years, until London claimed the distinction during the early 1800s.

### **Key Issue 2. Where Are Contemporary Services Located?**

- **Services in rural settlements**
- **Services in urban settlements**

Services are clustered in settlements. Rural settlements are centers for agriculture and provide a small number of services; urban settlements are centers for consumer and business services. One half of the people in the world currently live in a rural settlement, and the other half in an urban settlement.

### **Services in Rural Settlements**

A **clustered rural settlement** is a place where a number of families live in close proximity to each other, with fields surrounding the collection of houses and farm buildings. A **dispersed rural settlement**, typical of the North American rural landscape, is characterized by farmers living on individual farms.

### **Clustered Rural Settlements**

A clustered rural settlement typically includes homes, barns, tool sheds, and other farm structures, plus personal services, such as religious structures and schools. In common language such a settlement is called a hamlet or village.

(382)

The fields must be accessible to the farmers and are thus generally limited to a radius of 1 or 2 kilometers (one-half to 1 mile) from the buildings. In some places, individual farmers own or rent the land; in other places, the land is owned collectively by the settlement or by a lord. Farmers typically have responsibility for scattered parcels in several fields. This pattern encouraged living in a clustered rural settlement to minimize travel time to the various fields. Traditionally, when the population of a settlement grew too large for the capacity of the surrounding fields, new settlements



were established nearby. Clustered rural settlements are often arranged in one of two types of patterns: circular and linear.

**Circular Rural Settlements.** These comprise a central open space surrounded by structures.

Examples include:

- Kraal villages in southern Africa, which have enclosures for livestock in the center, surrounded by a ring of houses.
- Gewandorf settlements, once found in rural Germany, consisted of a core of houses, barns, and churches, encircled by different types of agricultural activities.

(383)

**Linear Rural Settlements.** These comprise buildings clustered along a road, river, or dike to facilitate communications. The fields extend behind the buildings in long, narrow strips. Long lot farms can be seen today along the St. Lawrence River in Québec. In the French long-lot system, houses were erected along a river. Narrow lots from 5 to 1000 kilometers deep were established perpendicular to the river so that each original settler had river access.

### **Clustered Settlements in Colonial America**

New England colonists built clustered settlements centered on an open area called a common.

Clustered settlements were favored by New England colonists for several reasons:

- They typically traveled to the New World in a group. The settlement was usually built near the center of the land grant.
- The colonists wanted to live close together to reinforce common cultural and religious values.
- They clustered their settlements for defense against Indian attacks.

Each villager owned several discontinuous parcels on the periphery of the settlement, to provide the variety of land types needed for different crops. Beyond the fields the town held pastures and woodland for the common use of all residents. The contemporary New England landscape contains remnants of the old clustered rural settlement pattern; many towns still have a central common surrounded by the church, school, and various houses, but today's residents work in shops and offices rather than on farms.

(384)

### **Dispersed Rural Settlements**

Outside of New England, dispersed rural settlements were more common in the American colonies. With the introduction of farm machinery, farms operated more efficiently at a larger scale.

**Dispersed Rural Settlements in the United States.** The Middle Atlantic colonies were settled by a more heterogeneous group of people than those in New England. Further, most Middle Atlantic colonists came individually rather than as a cohesive religious group. Dispersed settlement patterns dominated in the American Midwest in part because the early settlers came primarily from the Middle Atlantic colonies. In New England, a dispersed distribution began to replace the clustered settlements in the eighteenth century. Eventually people bought, sold, and exchanged land to create large, continuous holdings instead of several isolated pieces. A shortage of land eventually forced immigrants and children to strike out alone and claim farmland on the frontier. In addition, the cultural bonds that had created clustered rural settlements had weakened.

**Dispersed Rural Settlements in Great Britain.** To improve agricultural production, a number of European countries converted their rural landscapes from clustered settlements to dispersed patterns. A prominent example was the **enclosure movement** in Great Britain, between 1750 and 1850. Because the enclosure movement coincided with the Industrial Revolution, villagers who were

displaced from farming moved to urban settlements and became workers in factories and services. The enclosure movement brought greater agricultural efficiency, but it destroyed the self-contained world of village life.

### **Services in Urban Settlements**

The population of urban settlements exceeded that of rural settlements for the first time in human history in 2008. The percentage of people living in urban settlements had increased from 3 percent in 1800 to 30 percent in 1950, and 47 percent in 2000.

### **Differences Between Urban and Rural Settlements**

Louis Wirth argued in the 1930s that an urban dweller follows a different way of life than does a rural dweller, and he defined a city as a permanent settlement that has three characteristics — large size, high population density, and socially heterogeneous people.

(385)

**Large Size.** If you live in a rural settlement, you know most of the other inhabitants and may even be related to many of them. In contrast, if you live in an urban settlement, you can know only a small percentage of the other residents. Most of these relationships are contractual; consequently, the large size produces different social relationships than those formed in rural settlements.

**High Density.** Each person in an urban settlement plays a special role or performs a specific task to allow the complex urban system to function smoothly. High density encourages people to compete for survival in limited space.

**Social Heterogeneity.** A person has greater freedom in an urban settlement to pursue an unusual profession, sexual orientation, or cultural interest. In a rural settlement, unusual actions might be noticed and scorned, but urban residents are more tolerant of diverse social behavior.

In MDCs, social distinctions between urban and rural residents have blurred. According to Wirth's definition, nearly everyone in an MDC is urban.

### **Increasing Percentage of People in Cities**

The process by which the population of urban settlements grows, known as **urbanization**, has two dimensions — an increase in the number of people living in cities and an increase in the percentage of people living in cities. The distinction is important because they occur for different reasons and have different global distributions. A large percentage of people living in urban settlements reflects a country's level of development.

(386)

The percentage of urban dwellers is high in MDCs because over the past 200 years rural residents have migrated from the countryside to work in the factories and services concentrated in cities. Because the percentage living in urban areas simply cannot increase much more in MDCs, the process of urbanization has largely ended.

### **Increasing Number of People in Cities**

MDCs have a higher percentage of urban residents but LDCs have more of the very large urban settlements.

(387)



Eight of the ten most populous cities are currently in LDCs. In LDCs, migration from the countryside is fueling half the increase in population in urban settlements, even though job opportunities may not be available.

### **Key Issue 3. Why Are Consumer Services Distributed in a Regular Pattern?**

- **Central place theory**
- **Market-area analysis**
- **Hierarchy of services and settlements**

Consumer services and business services do not have the same distributions. Consumer services generally follow a regular pattern based on size of settlements.

(388)

#### **Central Place Theory**

**Central place theory** helps to explain how the most profitable location can be identified. A **central place** is a market center for the exchange of goods and services by people attracted from the surrounding area. Central places compete against each other. This competition creates a regular pattern of settlements, according to central place theory.

#### **Market Area of a Service**

The area surrounding a service from which customers are attracted is the **market area** or **hinterland**. To establish the market area, a circle is drawn around the node of service on a map. The closer to the periphery of the circle, the greater is the percentage of consumers who will choose to obtain services from other nodes. To represent market areas in central place theory, geographers draw hexagons around settlements. Hexagons represent a compromise between circles and squares.

#### **Size of Market Area**

To determine the extent of a market area, geographers need two pieces of information about a service: its range and its threshold.

(389)

**Range of a Service.** The **range** is the maximum distance people are willing to travel to use a service. The range is the radius of the circle (or hexagon) drawn to delineate a service's market area. If firms at other locations compete by providing the service, the range must be modified. The range of a service is irregularly shaped to take in only the territory for which the proposed site is closer than competitors'. Retailers typically define their range as the maximum distance that two-thirds to three-fourths of their customers will travel. The range must be modified further because most people think of distance in terms of time, rather than a linear measure like kilometers or miles. The irregularly shaped circle must be drawn to acknowledge that travel time varies with road conditions.

**Threshold of a Service.** The second piece of geographic information needed to compute a market area is the **threshold**, which is the minimum number of people needed to support the service. How potential consumers inside the range are counted depends on the product. Developers of shopping malls, department stores, and large supermarkets typically count only higher-income people.

#### **Market-Area Analysis**

Retailers and other service providers make use of market-area studies to determine whether locating in the market would be profitable and where the best location would be within the market area.

#### **Profitability of a Location**

The range and threshold together determine whether a good or service can be profitable in a particular location. (391) A store may need a larger threshold and range to attract some of the available customers if competitors are located nearby.

### **Optimal Location within a Market**

According to geographers, the best location is the one that minimizes the distance to the service for the largest number of people.

**Best Location in a Linear Settlement.** In a linear community like an Atlantic Ocean resort, the service should be located where half of the customers are to the north and half to the south.

What if a different number of customers live in each block of the city? To compute the optimal location in these cases, geographers have adapted the **gravity model** from physics. The gravity model predicts that the optimal location of a service is directly related to the number of people in the area and inversely related to the distance people must travel to access it.

**Best Location in a Nonlinear Settlement.** Most settlements are more complex than a single main street. Geographers still apply the gravity model to find the best location.

(392)

### **Hierarchy of Services and Settlements**

Small settlements are limited to services that have small thresholds, short ranges, and small market areas. Larger settlements provide services having larger thresholds, ranges, and market areas. However, neighborhoods within large settlements also provide services having small thresholds and ranges.

(393)

### **Nesting of Services and Settlements**

MDCs have numerous small settlements with small thresholds and ranges, and far fewer large settlements with large thresholds and ranges. The nesting pattern can be illustrated with overlapping hexagons of different sizes for different levels of market area. In his original study, Walter Christaller showed that the distances between settlements in southern Germany followed a regular pattern. He identified seven sizes of settlements (market hamlet, township center, county seat, district city, small state capital, provincial head capital, and regional capital city). Brian Berry has documented a similar hierarchy of settlements in parts of the U.S. Midwest. The principle of nesting market areas also works at the scale of services within cities.

### **Rank-Size Distribution of Settlements**

In many MDCs, geographers observe that ranking settlements from largest to smallest (population) produces a regular pattern or hierarchy. This is the **rank-size rule**, in which the country's  $n$ th-largest settlement is  $1/n$  the population of the largest settlement.

If the settlement hierarchy does not have a rank-size distribution of settlements, instead, it may follow the **primate city rule**, in which the largest settlement has more than twice as many people as the second-ranking settlement. In this distribution, the largest city is called a **primate city**. Copenhagen, Denmark, London, United Kingdom, and Bucharest, Romania are all primate cities.

The existence of a rank-size distribution of settlements is not merely a mathematical curiosity. (394) The absence of the rank-size distribution in an LDC indicates that there is not enough wealth in the society to pay for a full variety of services.

### **Periodic Markets**



Services at the lower end of the central place hierarchy may be provided at a periodic market, which is a collection of individual vendors who come together to offer goods and services in a location on specified days. A periodic market provides goods to residents of LDCs and rural areas in MDCs. In urban areas, periodic markets offer residents fresh food brought in that morning from the countryside.

The frequency of periodic markets varies by culture.

- **Muslim countries:** Typically conform to the weekly calendar. Once a week, in each of six cities, and non market on Friday, the Muslim day of rest.
- **Rural China:** A three-city 10-day cycle, according to G. William Skinner. Three 10-day cycles fit into a lunar month.
- **Korea:** Two 15-day cycles fit in a lunar month.
- **Africa:** Varies from 3 to 7 days. Variations in the cycle stem from ethnic differences.

#### **Key Issue 4. Why Do Business Services Cluster in Large Settlements?**

- **Hierarchy of business services**
- **Business services in LDCs**
- **Economic base of settlements**

Business services disproportionately cluster in a handful of settlements, and individual settlements specialize in particular business services.

#### **Hierarchy of Business Services**

Geographers distinguish four levels of urban settlements according to their importance in the provision of business services. At the top are a handful of urban settlements known as world cities that play an especially important role in global business services.

#### **Services in World Cities**

Business services, including law, banking, insurance, accounting, and advertising, concentrate in disproportionately large numbers in world cities. (395) New forms of transportation and communications were expected to reduce the need for clustering of economic activities in large cities. To some extent, economic activities have decentralized, especially manufacturing, but modern inventions reinforce rather than diminish the primacy of world cities in the global economy.

**Business Services in World Cities.** The clustering of business services in the modern world city is a product of the Industrial Revolution. Modern industry is managed by large corporations formed to minimize the liability to any individual owner. A board of directors located far from the factory building makes key decisions. Support staff also far from the factory account for the flow of money and materials. This work is done in offices in world cities. World cities offer many financial services to these businesses. Lawyers, accountants, and other professionals cluster in world cities.

**Consumer Services in World Cities.** Because of their large size, world cities have retail services with extensive market areas, but they may even have more retailers than large size alone would predict. (396) Luxury and highly specialized products are especially likely to be sold there. Leisure services of national significance are especially likely to cluster in world cities, in part because they require large thresholds and large ranges, and in part because of the presence of wealthy patrons.

**Public Services in World Cities.** World cities may be centers of national or international political power. Most are national capitals. Also clustered in the world cities are offices for groups having business with the government. Unlike other world cities, New York is not a national capital. But as the home of the world's major international organization, the United Nations, it attracts

thousands of UN diplomats and bureaucrats, as well as employees of organizations with business at the United Nations. Brussels is a world city because it is the most important center for European Union activities.

#### **Four Levels of Business Services**

According to the hierarchy of business services in urban settlements, cities can be divided into four levels of importance:

- **World Cities.** Subdivided into three tiers:
  - **Dominant World Cities.** London, New York, and Tokyo.
  - **Major World Cities.** Chicago, Los Angeles, and Washington, D.C. in North America, and Brussels, Frankfurt, Paris, and Zurich in Western Europe. Only two of the nine second-tier world cities — São Paulo and Singapore — are in less developed regions.
  - **Secondary World Cities.** Four in North America (Houston, Miami, San Francisco, Toronto), seven in Asia, five in Western Europe, four in Latin America, and one each in Africa (Johannesburg) and the South Pacific (Sydney).
- **Command and Control Centers.** These contain the headquarters of many large corporations, concentrations of business services, educational, medical, and public institutions. Two levels of command and control centers can be identified: regional centers and subregional centers.
- **Specialized Producer-Service Centers.** These offer a narrower and more highly specialized variety of services. One group of these cities specializes in the management and R&D activities related to specific industries. A second group specializes as centers of government and education, notably state capitals that also have a major university.
- **Dependent Centers.** These provide relatively unskilled jobs and depend (for their economic health) on decisions made in the world cities, regional command and control centers, and specialized producer-service centers. Four subtypes of dependent centers can be identified in the United States: resort, retirement, and residential centers; manufacturing centers; industrial and military centers; mining and industrial centers.

#### **Business Services in LDCs**

In the global economy, LDCs specialize in two distinct types of business services:

- Offshore financial services
- Back-office functions

#### **Offshore Financial Services**

Small countries, usually islands and microstates, exploit niches in the circulation of global capital by offering offshore financial services that provide two important functions:

- **Taxes.** Taxes on income, profits, and capital gains are typically low or nonexistent.
- **Privacy.** Bank secrecy laws can help individuals and businesses evade disclosure in their home countries.

The privacy laws and low tax rates can also provide havens to tax dodges and other illegal schemes.

(397)

In the Cayman Islands, it is a crime to discuss confidential business — defined as matters learned on the job — in public. Other offshore centers include the British and U.S. Virgin Islands, Bahamas,

Andorra, Liechtenstein, and Monaco in Europe, Belize and Panama in Central America, Bahrain in the



Middle East, and Liberia in Africa.

### **Back Offices**

The second type of business service found in peripheral regions is back-office functions, also known as business-process outsourcing (BPO). Typical back-office functions include processing insurance claims, payroll management, transcription work, and other routine clerical activities. Traditionally, companies housed their back-office staff in the same office building downtown as their management staff, or at least in nearby buildings. Proximity was considered important for supervision and rapid turnaround of information. For many business services, improved telecommunications have eliminated the need for spatial proximity. Selective LDCs have attracted back offices for two reasons related to labor:

- **Low Wages.** Most back-office workers earn a few thousand dollars per year — higher than wages paid in most sectors of the economy, but only one-tenth the wages paid to workers performing similar jobs in MDCs.
- **Ability to Speak English.** Only a handful of LDCs possess a large labor force fluent in English. India, Malaysia, and the Philippines have substantial numbers of workers with English-language skills, a legacy of British and American colonial rule.

Workers in back offices are often forced to work late at night, when it's daytime in the U.S., peak demand for inquiries.

### **Economic Base of Settlements**

A settlement's distinctive economic structure derives from its **basic industries**, which export primarily to consumers outside the settlement. **Nonbasic industries** are enterprises whose customers live in the same community, essentially consumer services. A community's unique collection of basic industries defines its **economic base**. A settlement's economic base is important, because exporting by the basic industries brings money into the local economy, thus stimulating the provision of more nonbasic consumer services for the settlement. A community's basic industries can be identified by computing the percentage of the community's workers employed in different types of businesses. If the percentage is much higher in the local community, (compared to the country), then that type of business is a basic economic activity.

### **Specialization of Cities in Different Services**

Each type of basic activity has a different spatial distribution. The concept of basic industries originally referred to manufacturing. Most communities that have an economic base of manufacturing durable goods are clustered between northern Ohio and southeastern Wisconsin, near the southern Great Lakes. Nondurable manufacturing industries, such as textiles, are clustered in the Southeast, especially in the Carolinas. But in a post-industrial society such as the United States, increasingly the basic economic activities are in business, consumer, or public services. Geographers Ó hUallacháin and Reid have documented examples of settlements that specialize in particular types of business services:

- **Examples of settlements specializing in business services:**
  - General business: Chicago, Los Angeles, New York, and San Francisco.
  - Computing and data processing: Boston and San Jose (399)
  - High-tech industries support services: Austin, Orlando, and Raleigh-Durham
  - Military activities support services: Albuquerque, Colorado Springs, Huntsville, Knoxville, Norfolk
  - Management consulting services: Washington D.C.

- **Examples of settlements specializing in consumer-services:**

- Entertainment and recreation: Atlantic City, Las Vegas, and Reno
- Medical services: Rochester, Minnesota.

• **Examples of settlements specializing in public services:**

- State capitals
- Large universities
- Military bases

**Distribution of Talent**

Individuals possessing special talents are not distributed uniformly among cities. (400) The principal enticement for talented individuals to cluster in some cities more than others is cultural rather than economic, according to research conducted by Richard Florida. Florida found a significant positive relationship between the distribution of talent and the distribution of diversity in the largest U.S. cities. Attracting talented individuals is important for a city, because these individuals are responsible for promoting economic innovation.

**Key Terms**

Basic industries (p. 398)	Market area (or hinterland) (p. 388)
Business services (p. 375)	Nonbasic industries (p. 398)
Central place (p. 388)	Primate city (p. 393)
Central place theory (p. 388)	Primate city rule (p. 393)
City-state (p. 379)	Public services (p. 376)
Clustered rural settlement (p. 381)	Range (of a service) (p. 389)
Consumer services (p. 375)	Rank-size rule (p. 393)
Dispersed rural settlement (p. 381)	Service (p. 374)
Economic base (p. 398)	Settlement (p. 374)
Enclosure movement (p. 384)	Threshold (p. 489)
Gravity model (p. 391)	Urbanization (p. 385)

**Test Prep Questions**

- 1) Which of the following is NOT considered a main type of business service?  
A) financial  
B) recreational  
C) professional  
D) information
- 2) Where were the earliest cities thought to have originated?  
A) Mesopotamia  
B) South Asia  
C) ancient Greece  
D) ancient Rome
- 3) What region of the United States was remarkable for its clustered rural settlements?  
A) the South  
B) New England  
C) the Mid-Atlantic  
D) the Midwest



- 4) Louis Wirth argued that urban settlements, compared to rural settlements, had all the following characteristics EXCEPT:
- A) large size
  - B) high density
  - C) social heterogeneity
  - D) greater pressure to conform
- 5) A country with a high percentage of urban residents would most likely be:
- A) an MDC
  - B) an LDC
  - C) in stage 1 of the demographic transition
  - D) in stage 2 of the demographic transition
- 6) A country with a relatively large number of large (by world standards) cities would most likely be:
- A) an MDC
  - B) an LDC
  - C) in stage 3 of the demographic transition
  - D) in stage 4 of the demographic transition
- 7) The basic shape of market in central place theory is:
- A) a square
  - B) a hexagon
  - C) a circle
  - D) a geometrically irregular shape.
- 8) Which of the following cities would be considered a primate city?
- A) New York
  - B) London
  - C) Los Angeles
  - D) Chicago
- 9) Which of the following is NOT one of the three dominant world cities?
- A) London
  - B) New York
  - C) Berlin
  - D) Tokyo
- 10) According to Richard Florida, what is the single most powerful enticement that attracts talented people to one city over another?
- A) cultural diversity
  - B) high wages
  - C) low rents
  - D) economic considerations in general

**Short Essay**

1) Identify the three types of services in the tertiary sector of the economy, and give examples.

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2) Compare and contrast the concepts of percentage vs. number of people in cities as they pertain to MDCs and LDCs.

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3) Explain the concepts of range and threshold, and how they relate to market area.

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