Chapter 12

Key Issue Three: Why do business services locate in large settlements?
Business Services and Settlements

- World cities
  - Ancient world cities
  - Medieval world cities
  - Modern world cities

- Hierarchy of business services
  - World cities
  - Command and control centers
  - Specialized producer-service centers
  - Dependent centers

- Economic base of settlements
World Cities

• Prior to modern times, virtually all settlements were rural, because the economy was based on the agriculture of the surrounding fields.

• Providers of personal services and a handful of other types of services met most of the needs of farmers living in the village.

• Even in ancient times, a handful of urban settlements provided producer and public services, as well as retail and personal services with large market areas.
Ancient World Cities

• Urban settlements may have originated in Mesopotomia 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.
Ancient Ur

Ur, in modern-day Iraq, was one of the earliest urban settlements. The ziggurat, or stepped temple, was surrounded by a dense network of residences.
Titris Hoyuk

- Recent evidence unearthed at Titris Hoyuk, in present-day Turkey, 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.
- Titris Hoyuk occupied a 50-hectare (125-acre) site and apparently had a population of about 10,000.
- The site is especially well-preserved today because after 300 years the settlement was abandoned and never covered by newer buildings.
The hilltop site of the Acropolis, dating to about 500 B.C., still dominates the skyline of modern Athens.
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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 trading and other retail services.

The city of Rome—the empire’s center for administration, commerce, culture, and all other services—grew to at least a quarter-million 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.

With the empire fragmented under hundreds of rulers, 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.
Brugge (or Bruges) was a major port and wool manufacturing center from the 12th century. It is marked by squares surrounded by public buildings.
Medieval European cities such as Carcassonne, in southwestern France, were often surrounded by walls for protection.
Paris was originally surrounded by walls which were expanded to include new neighborhoods as the city grew.
Modern World Cities

- In modern times several world cities have emerged where a high percentage of the world’s business is transacted and political power is concentrated.
- These world cities are centers of business services, but they stand at the top of the central place hierarchy in the provision of consumer services, and many also serve as public-service centers.
- 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.
- Factories are operated 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... (and) stock exchanges... are located in world cities.
- Lawyers, accountants, and other professionals cluster in world cities.
- Advertising agencies, marketing firms, and other services concerned with style and fashion locate in world cities.
Consumer Services in World Cities

- Transportation services converge on world cities.
- They tend to have busy harbors and airports and lie at the junction of rail and highway networks.
- 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.
- Luxury and highly specialized products are especially likely to be sold there.
- Personal 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 U.N. 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.
Hierarchy of Business Services

- Geographers distinguish four levels of cities that play a major role in the provision of producer and other business services in the global economy. . . a handful of world cities, which can be subdivided into three groups,. . . regional command and control centers, specialized producer-service centers, and dependent centers.
London, New York, and Tokyo are the dominant world cities in the global economy. Other major and secondary world cities play lesser roles.
Command and Control Centers

- The second level of cities—command and control centers—contains 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 sub-regional centers.

- In the United States, examples of regional command centers are Atlanta and Kansas City.

- Examples of sub-regional centers are Biloxi and Oklahoma City.
Specialized Producer-Service Centers

• The third level of cities, specialized producer-service centers, offers a more narrow and 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

• The fourth-level cities, dependent centers, 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... (and) mining and industrial centers.
Economic Base of Settlements

- A settlement’s distinctive economic structure derives from its basic industries, which export primarily to consumers outside the settlement.
- Non-basic 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.
- Each type of basic activity has a different spatial distribution.
- Some settlements have a very high percentage of workers employed in the primary sector, notably mining.
- The economic base of some settlements is in the secondary sector.
- 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.
Cities that have a high proportion of their labor force engaged in the specified economic activity shown.
Below the world cities in the hierarchy of U.S. cities are command and control centers, specialized producer-service centers, and dependent centers.
Cities with high levels of talent (scientists, professionals, etc.) are also often cities with high levels of diversity.
Cities with High Talent Levels

Cities with high levels of talent (measured by percent of scientists, professionals, and college-educated).
Cities with high levels of diversity (measured by cultural facilities, % gay population, and a coolness index).