

Chapter 11 Industry

Key Issue 1

Where is industry distributed?

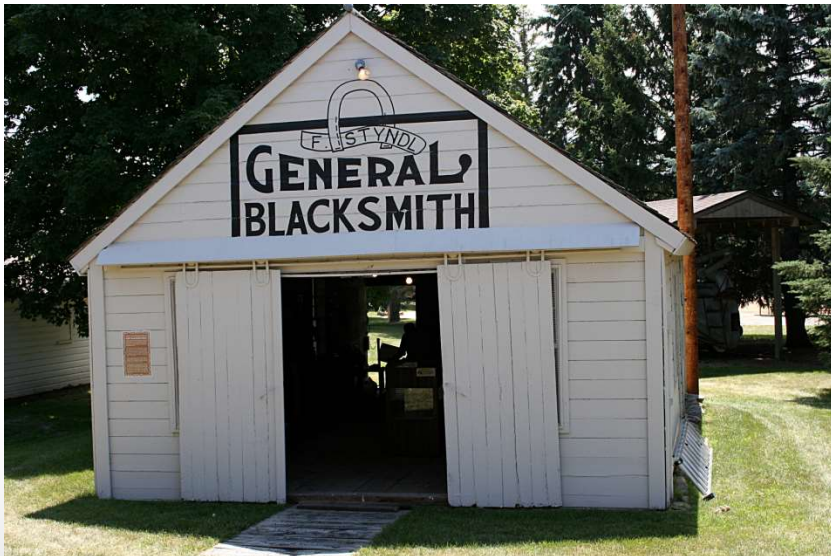


Origin and Diffusion of the Industrial Revolution

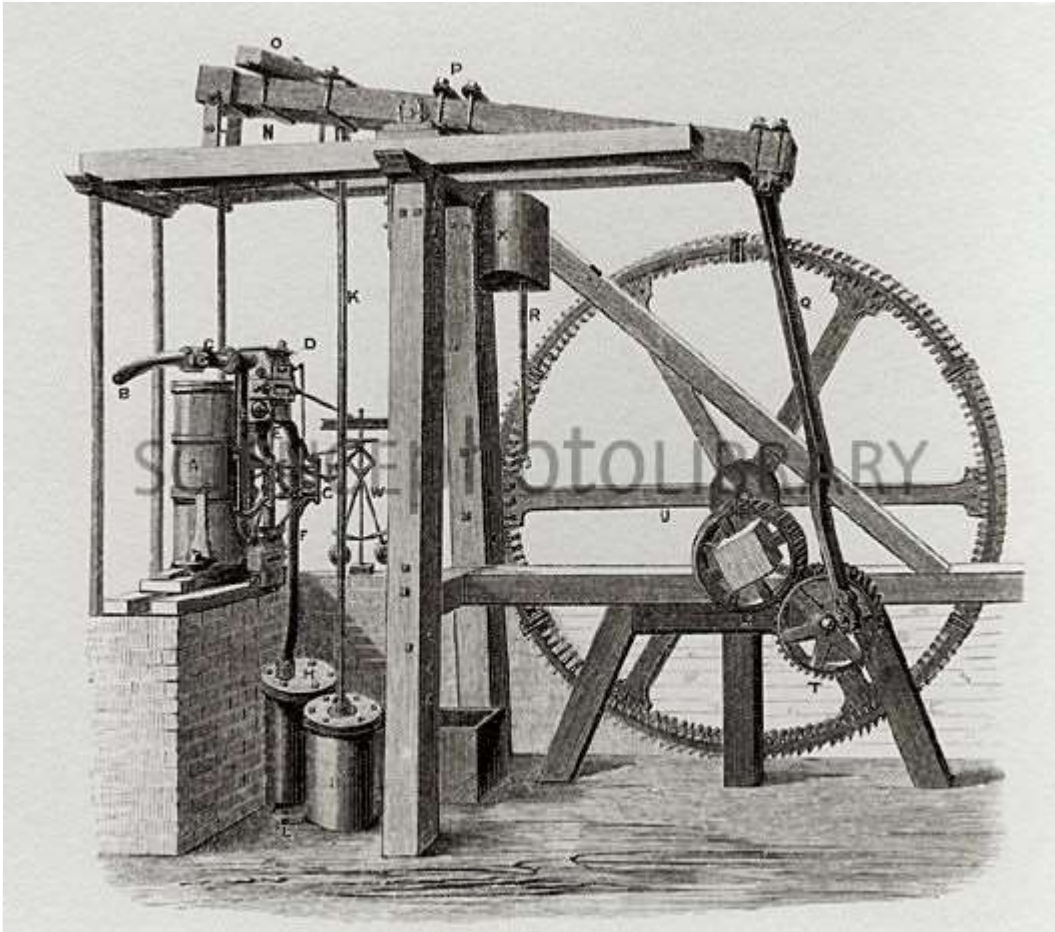
- **The Industrial Revolution**
- **Impact of the Industrial Revolution on other industries.**
- **Industrial Regions**

Pre-Industrial Revolution

Cottage Industry System



Industrial Revolution



- James Watt
- England
- 1770
- Invention of Steam Engine

Effects of Industrial Revolution

Iron

Coal

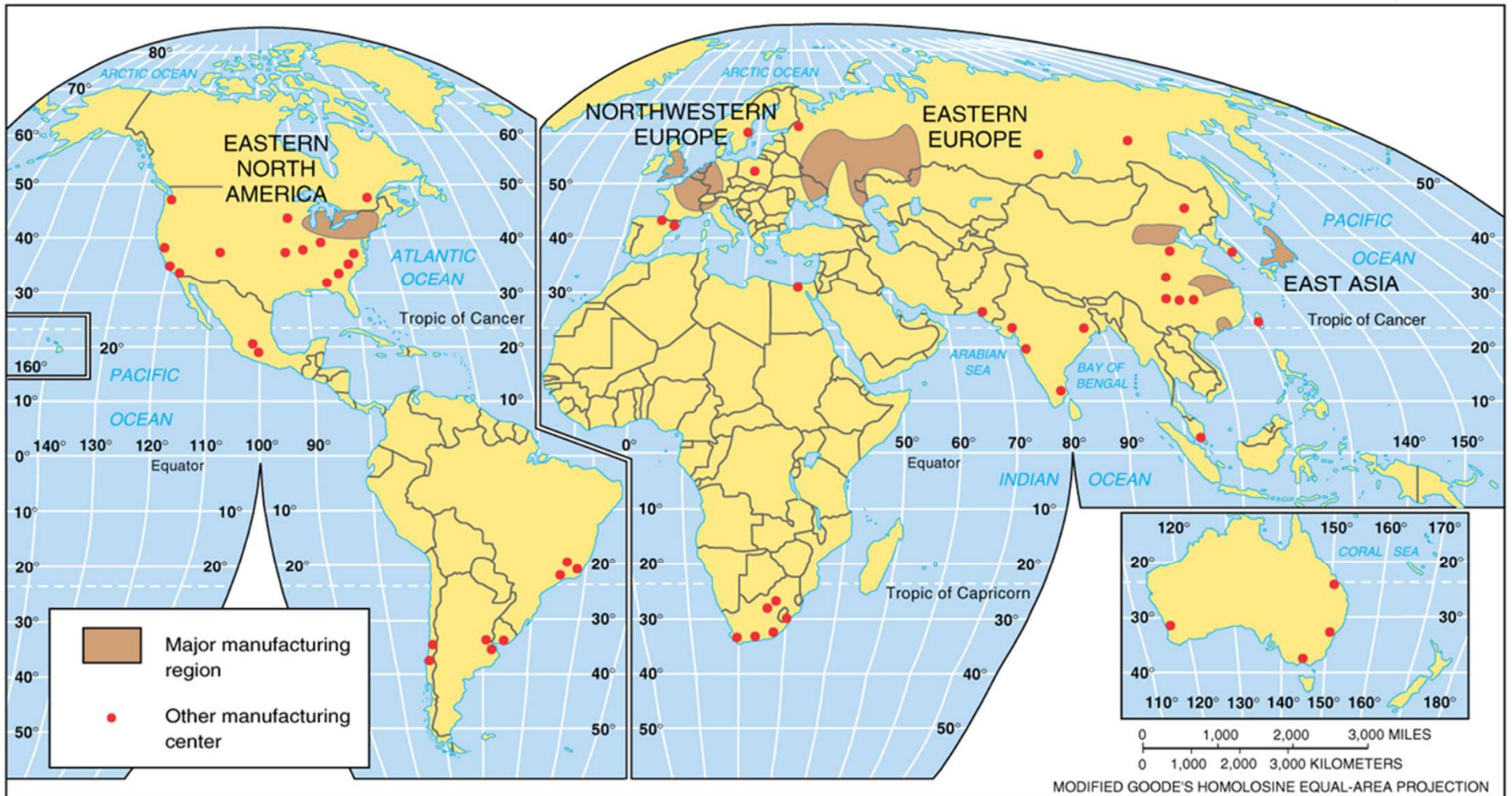
Transportation

Textiles

Chemicals

Food Processing

Industrial Regions



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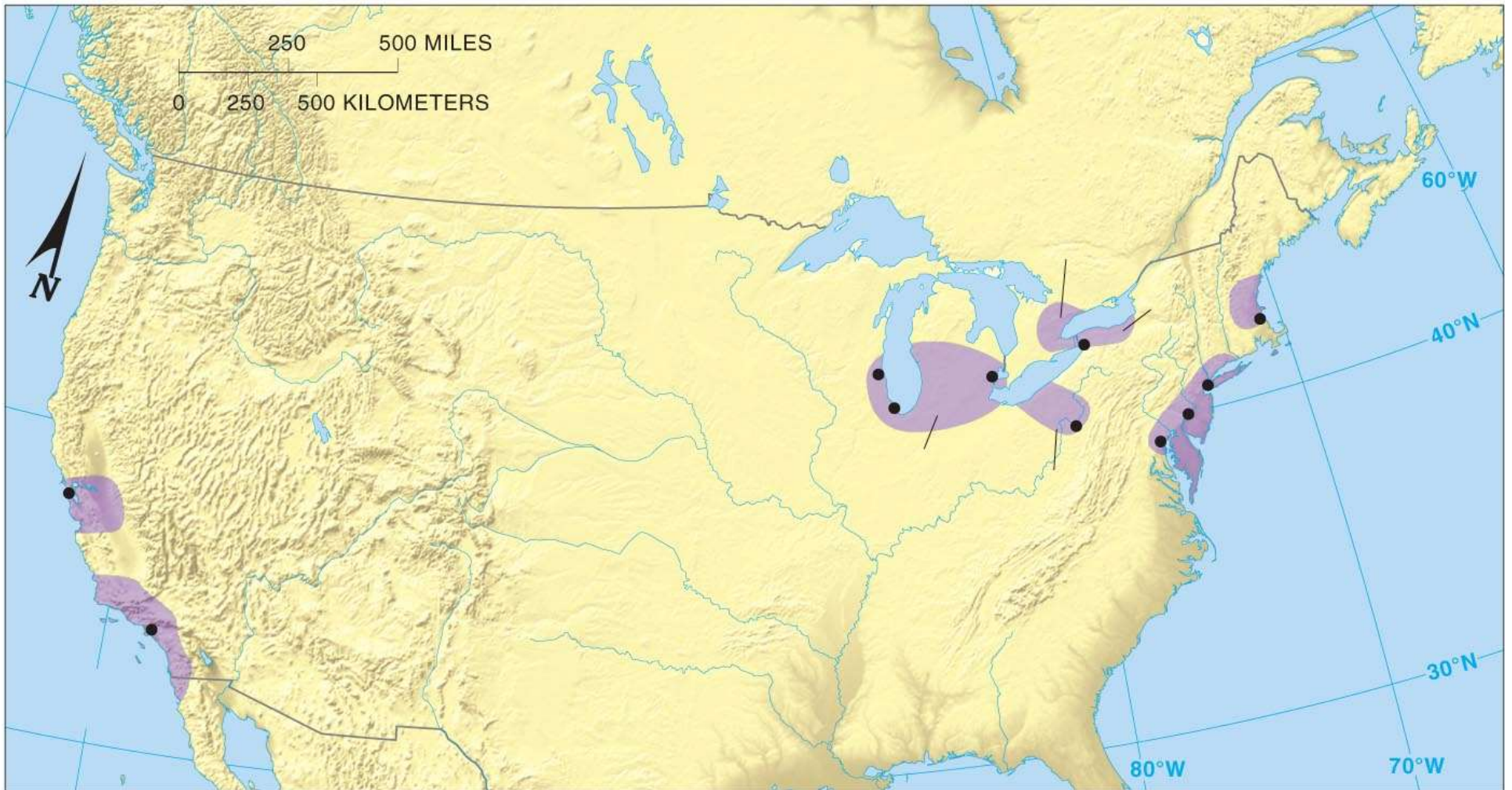
Rhine River; Europe



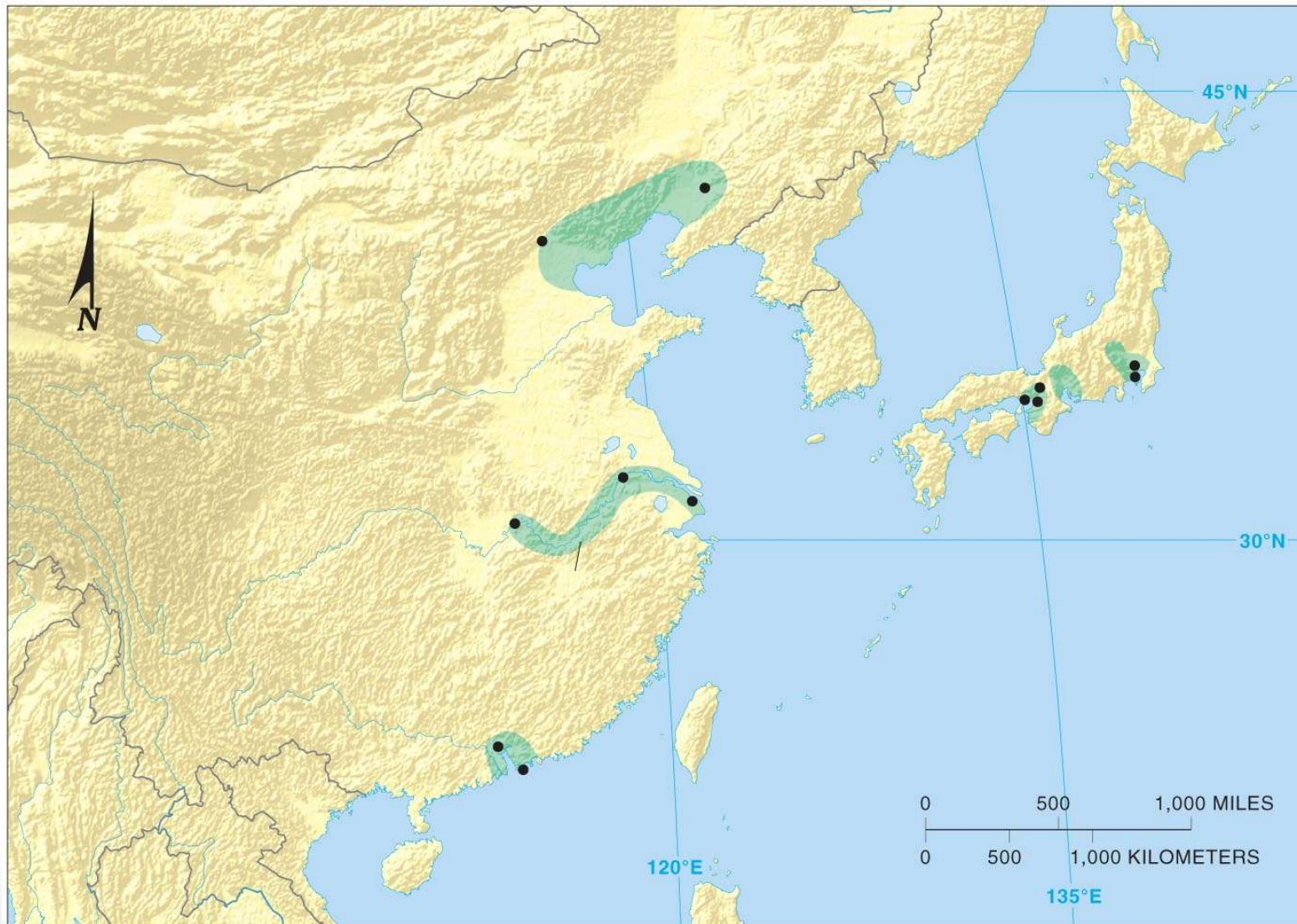
Western Europe's Industrial Regions



North American Industrial Regions



East Asia's Industrial Regions



Chapter 11 Industry

Key Issue 2

Why are situation factors important?



Situation Factors

Situation Factors:

involves
transporting
materials to and
from a factory.



Proximity to Inputs

Two Reasons for optimal factory location

1. Factory location close to **raw materials** to minimize *shipping costs*.
2. Factory location close to **customers** to minimize *shipping costs*.

Two Factors to Factory Location

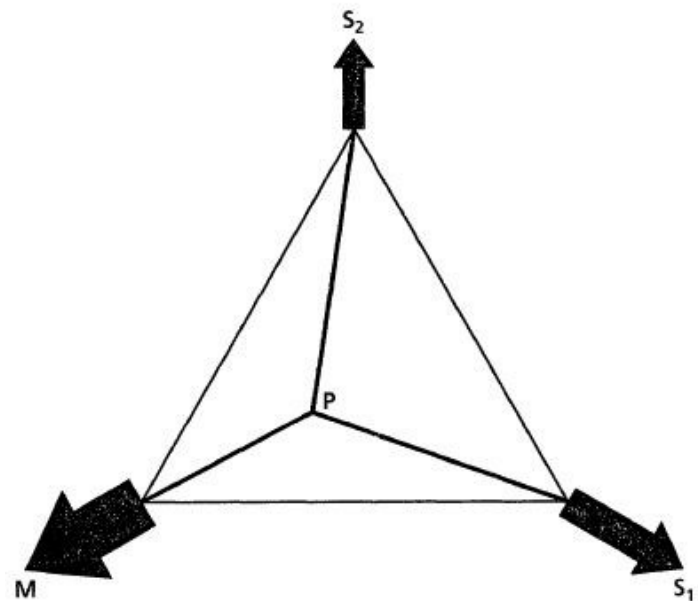
IT'S ALL ABOUT SHIPPING

- **Bulk Gaining Industries**
- **Bulk Reducing Industries**

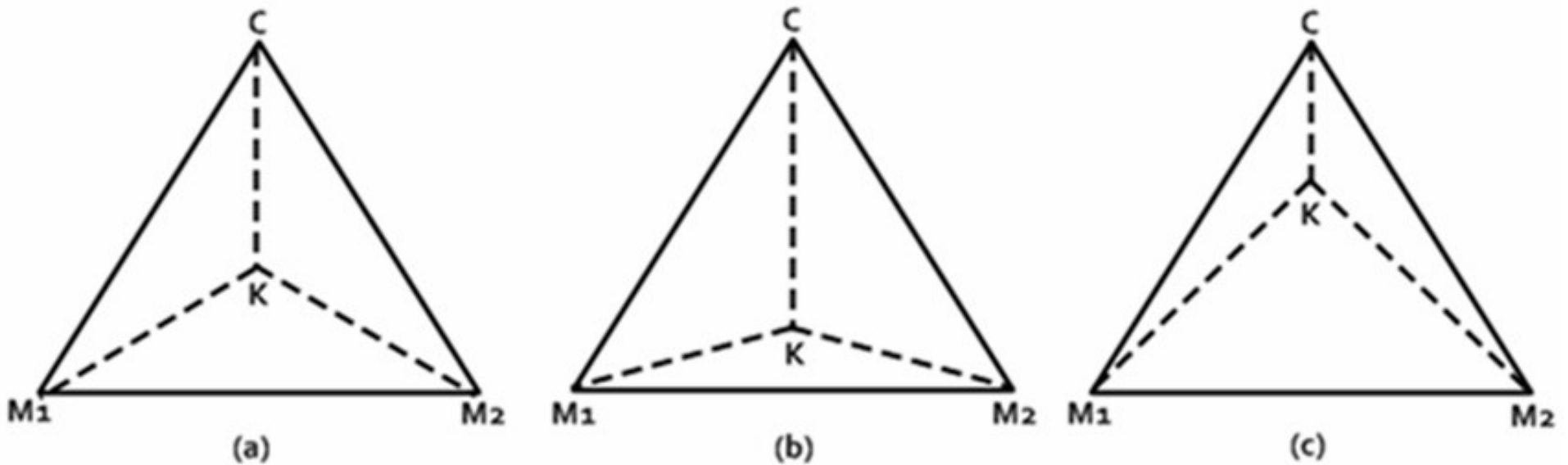
Brick Bunnies

Weber's Least Cost Theory

Examines shipping costs of raw materials versus finished product to decide where to locate production factory.



Weber's Least Cost Theory



Proximity to Inputs

Bulk Reducing Industry

Copper



Proximity to Inputs

Bulk Reducing Industry

Steel



Proximity to Markets

Locating factories closer to customers is critical for three industries:

- 1. Bulk Gaining Industry**
- 2. Single Market Industry**
- 3. Perishable Industry**

Proximity to Markets

Bulk Gaining Industry

Fabricated Metals



Proximity to Markets

Bulk Gaining Industry

Beverage Industry



Proximity to Markets

Bulk Gaining Industry

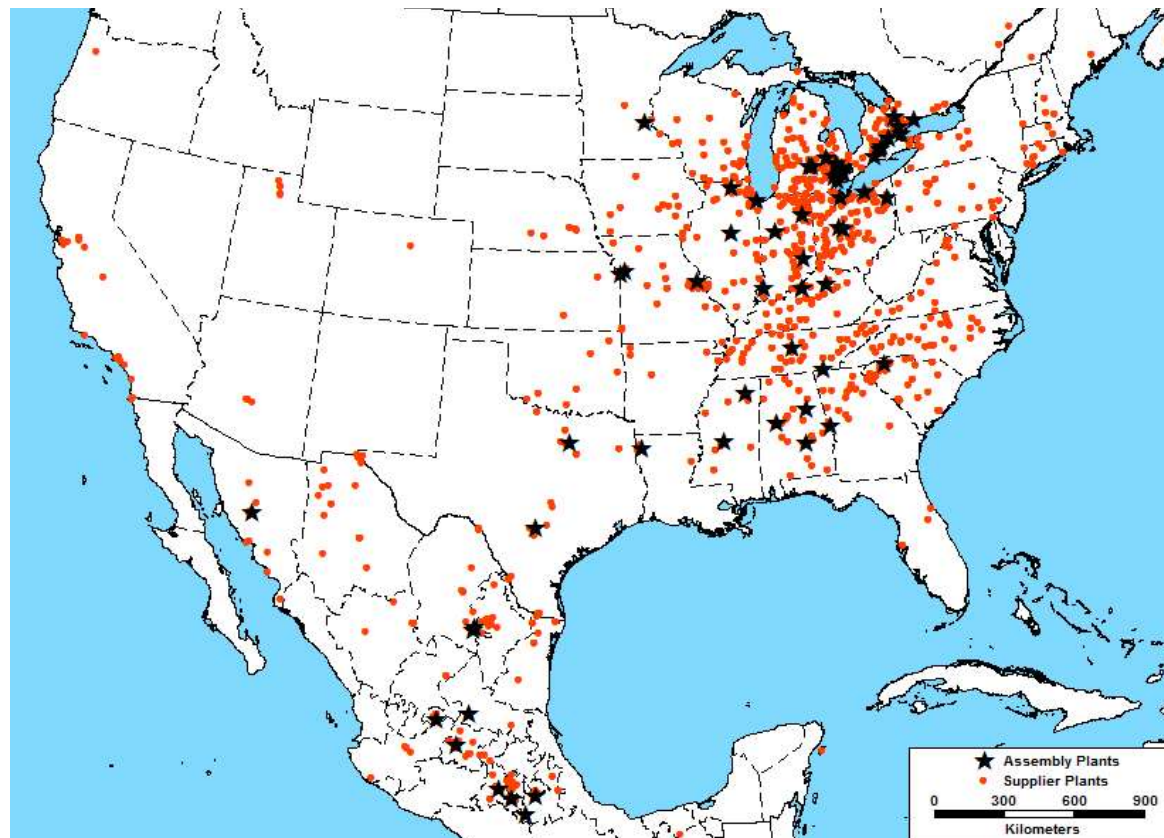
Single Market Manufacturers

Perishable Products



Agglomeration

Agglomeration is the centralization of features of an industry for the mutual benefit of the industry as a whole.



Proximity to Markets

Break of Bulk Point

Comparing shipping costs between different shipping methods to find the most inexpensive way to ship products.



Chapter 11 Industry

Why are site factor important?



Site Factors of Industry

Three Factors that influence Production

1. Land
2. Labor
3. Capital



Site Factors of Industry

The most important factor:

COST OF LABOR !!!!!!!



Site Factors of Industry

Labor-Intensive Industry: industries where cost of labor constitutes a large percentage of total expenses.

This is the total cost of labor compared to the revenue generated by sale of product.

Site Factors of Industry

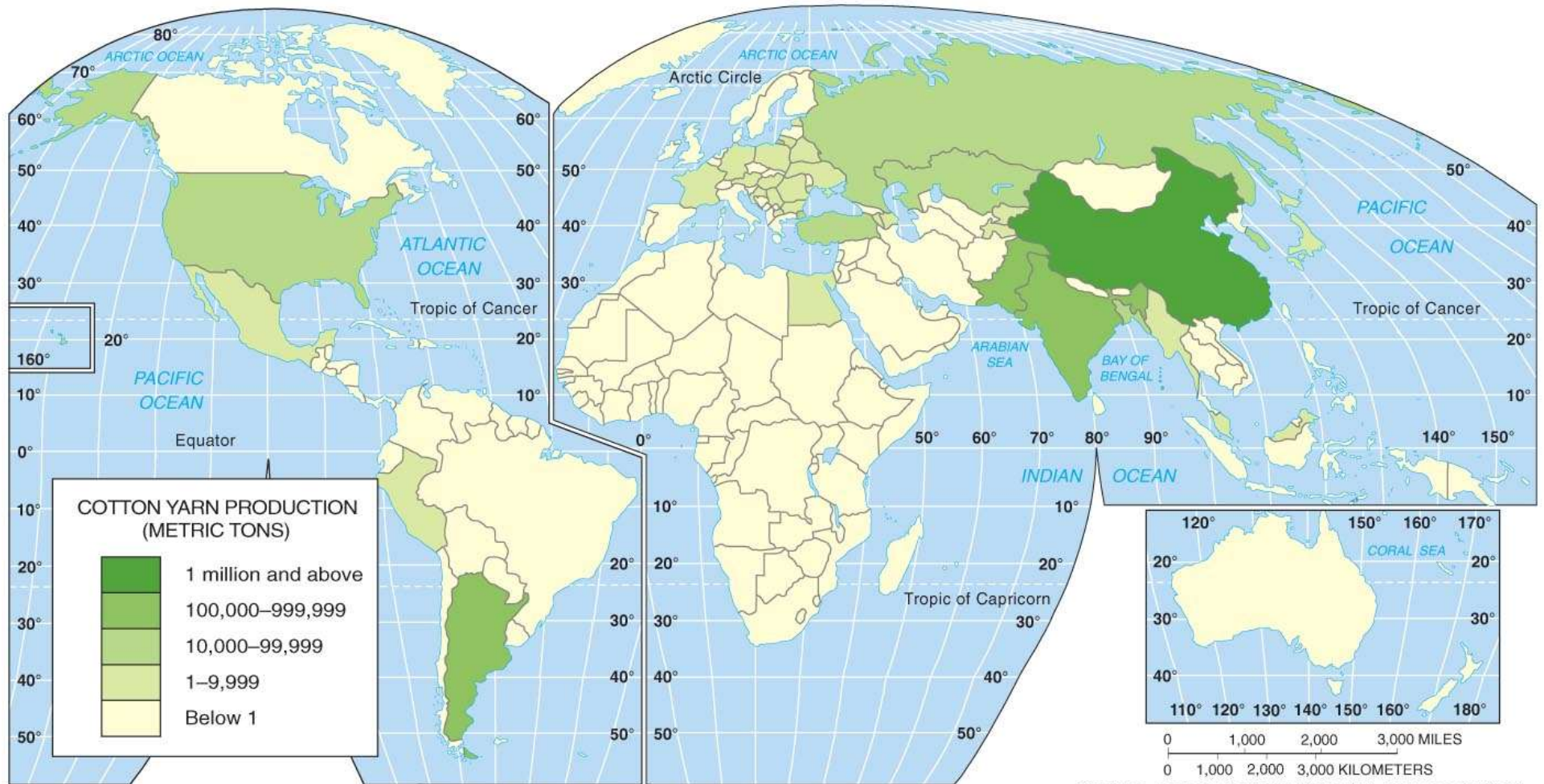
Textiles: Labor Intensive Industry

- Requires less skilled low cost labor.

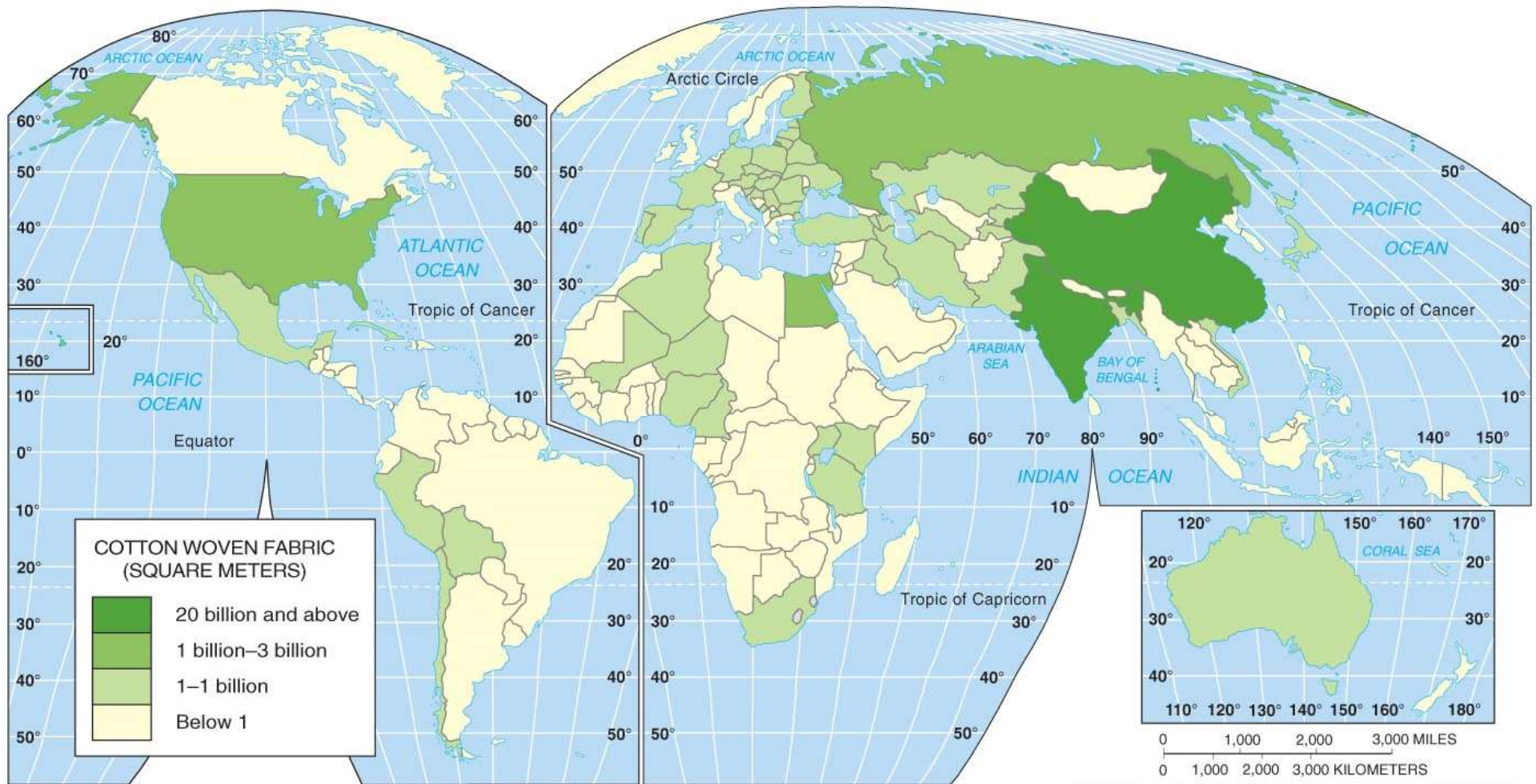
Three Steps to making Textiles

1. Spin fibers into yarn
2. Weave or knit yarn into fabric
3. Cut and sew fabric into products

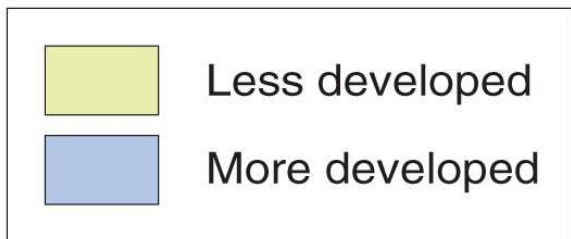
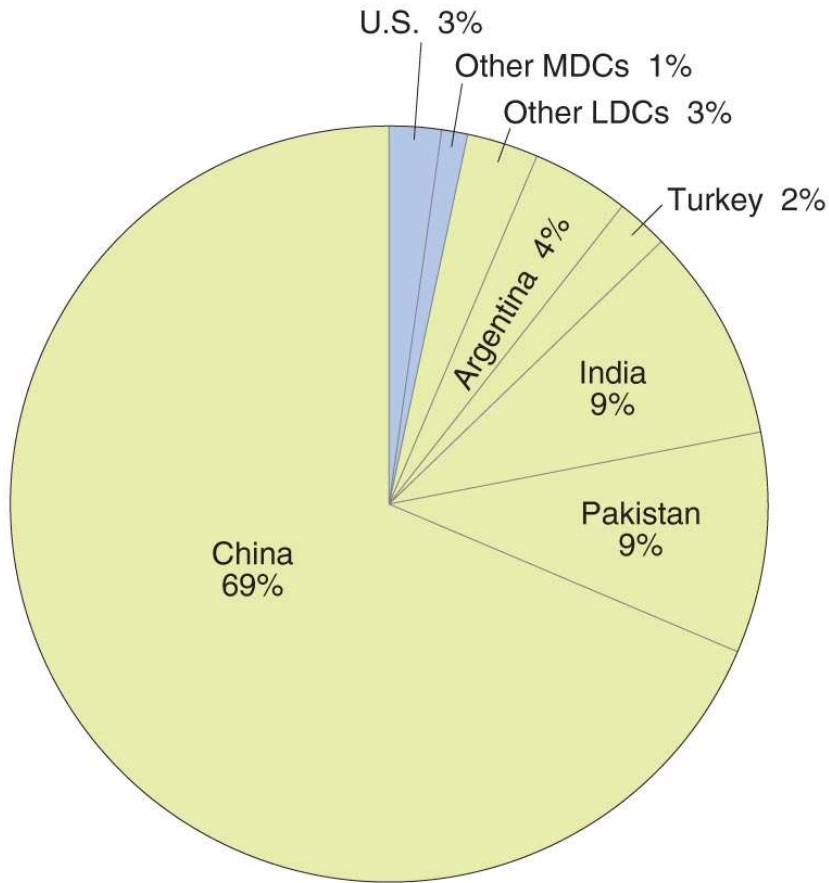
Cotton Yarn Production



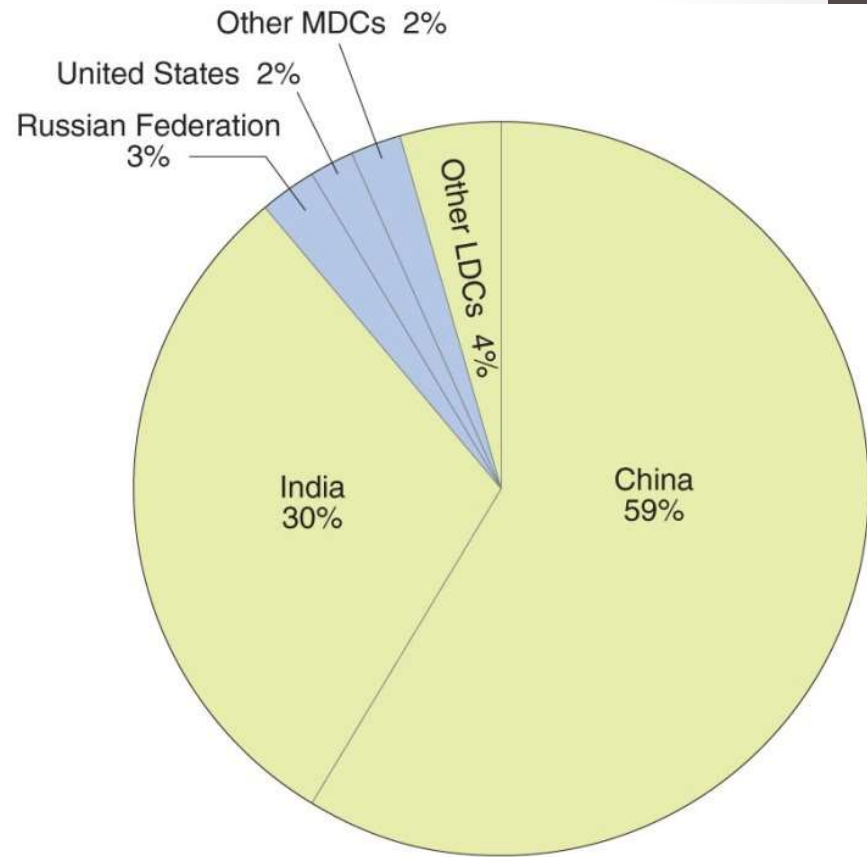
Woven Fabrics Production



Yarn Production



Woven Fabrics



Site Factors of Industry

LAND

Must Be cheap

Must have access to transportation

Must have access to electricity

Site Factors of Industry

Capital

aka MONEY

Industry MUST borrow money to expand and grow

Availability of loans will affect location of industry

Some LDCs may be DENIED a loan to start a business

Chapter 11 Industry

Key Issue 4

Why are location factors changing?



Relocation of Industry

Attraction of New Industry

CHEAP LABOR

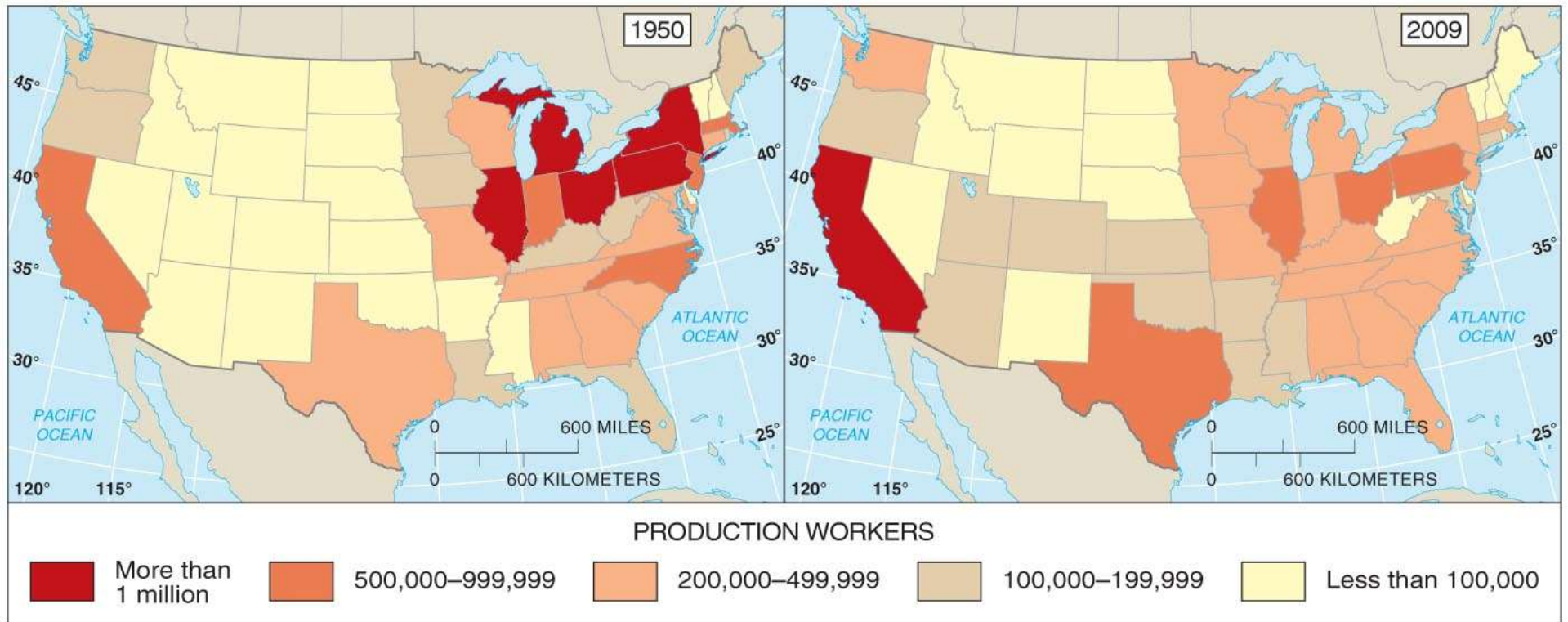


Relocation of Industry

Changing in Industry Distributions in MDCs

- In United States industry has moved from northeast to south and west.
- Cheaper land, Cheaper labor

Relocation of Industry



Relocation of Industry

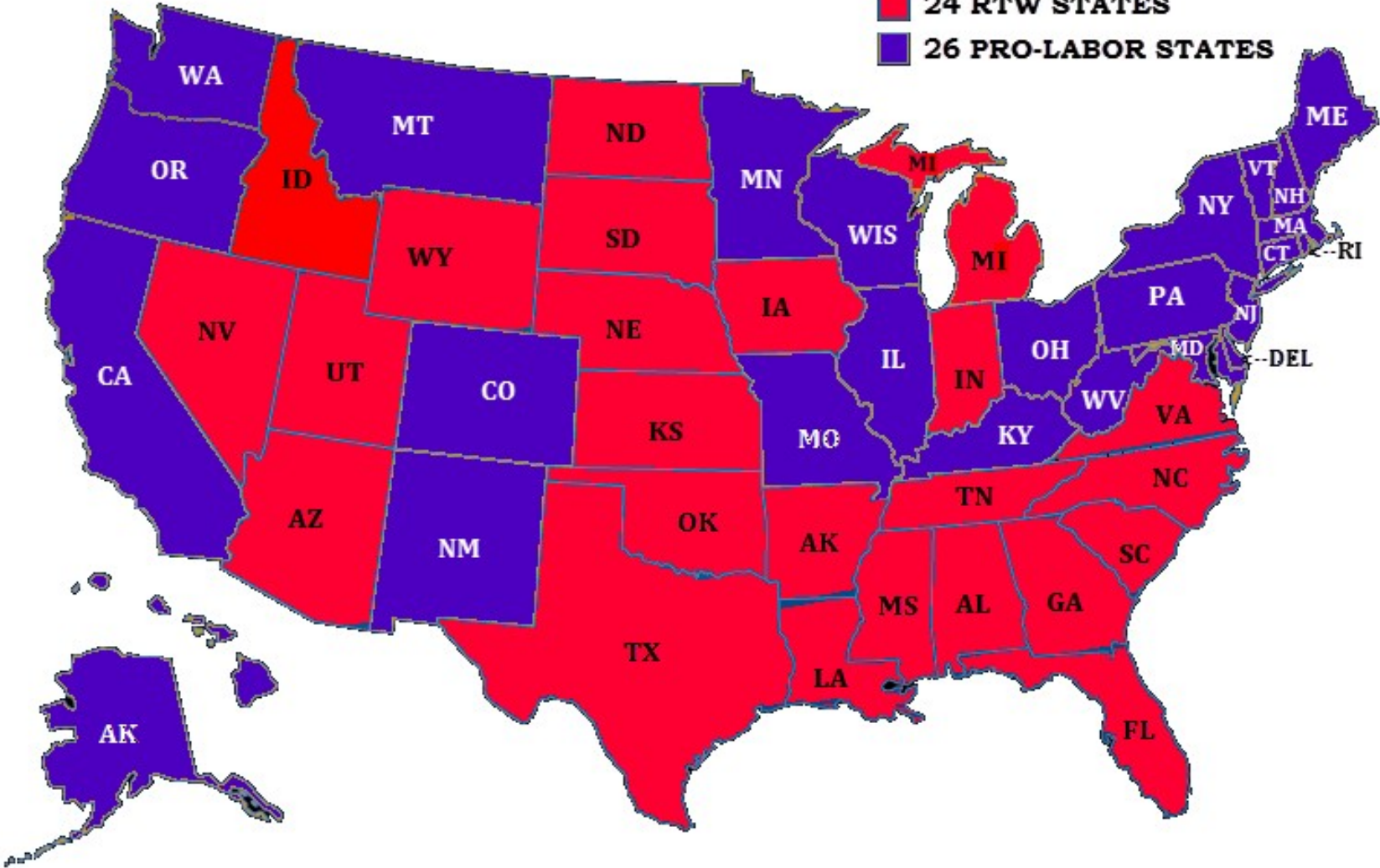
What the South can offer Industry

- **Right-to-Work:** a law preventing labor unions and companies negotiating contracts and requires union membership.

Map of Right to Work for Low Wages States and Pro-Labor States

Last Updated: Dec. 12, 2012

- 24 RTW STATES
- 26 PRO-LABOR STATES



Maquiladoras

Maquiladoras are American factories built just inside the Mexican border to take advantage of much lower labor costs.

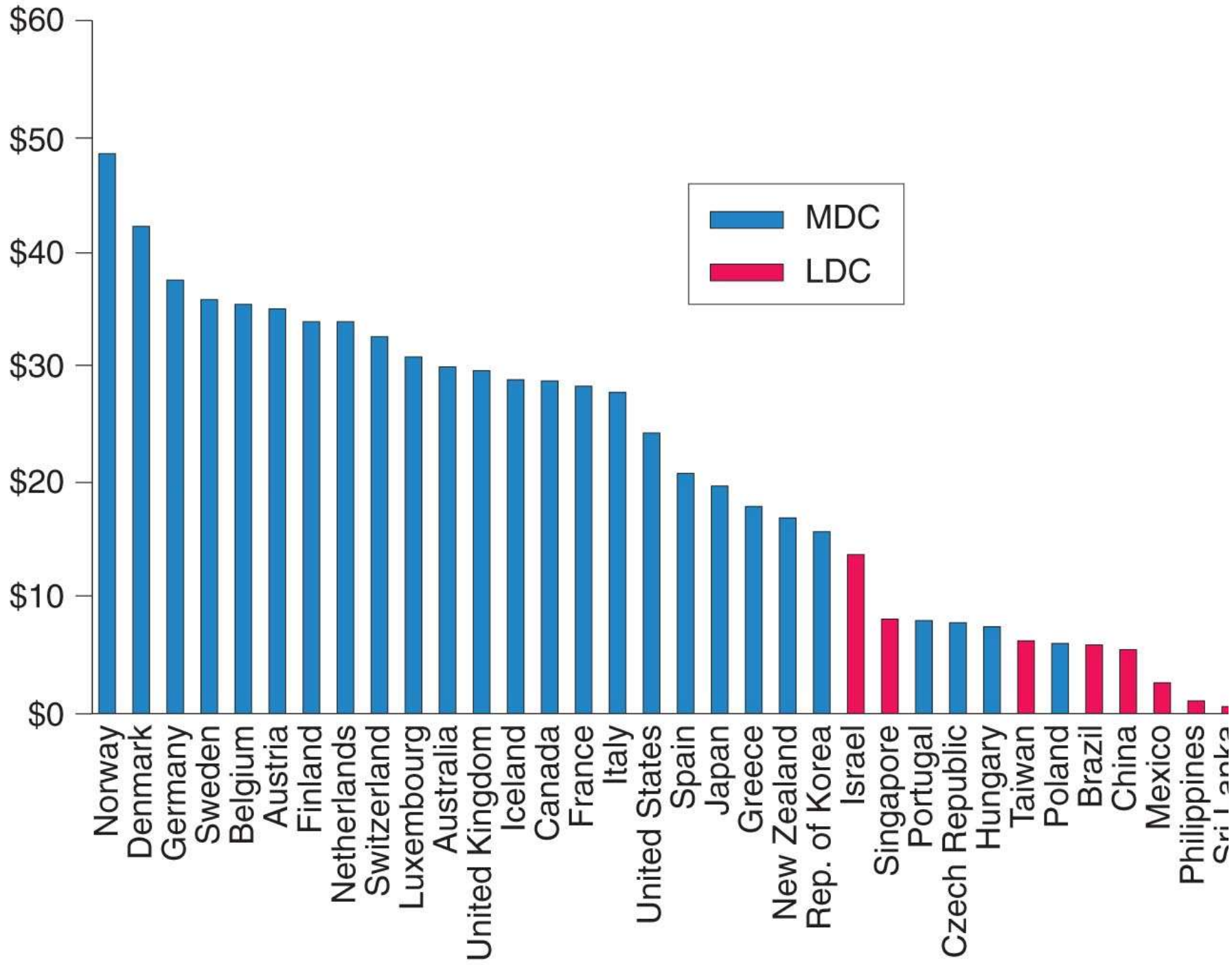


Transnational Corporations

Outsourcing: a decision by companies to turn over much of the responsibility for production to independent suppliers.

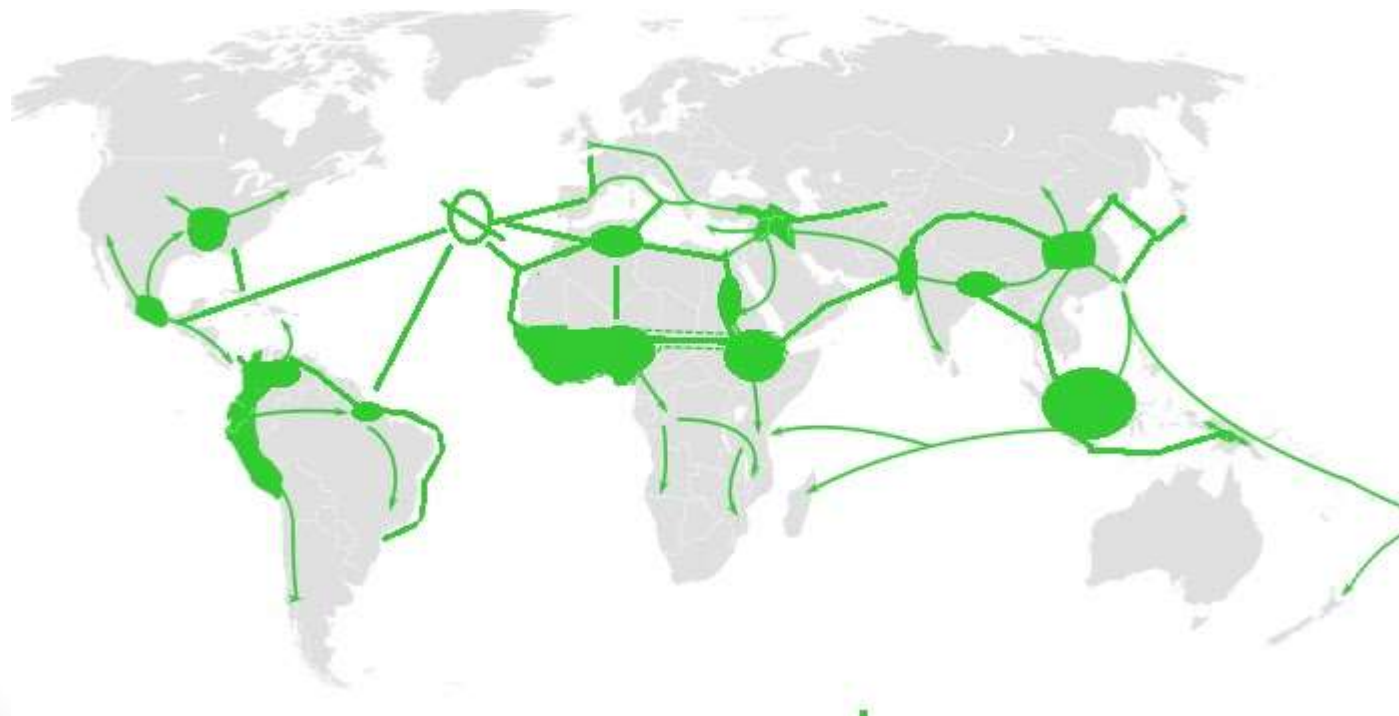
International Division of Labor: the selective transfer of some jobs to LDCs.

Compensation, manufacturing workers, 2007
(US dollars, per hour)



International Shifts in Industry

Manufacturing jobs have left North America and Western Europe and moved to **East Asia, South Asia and Latin America.**



Relocation of Industry

Changing in Industry Distributions in MDCs

- In Europe, Industry has moved from Western Europe towards Eastern Europe.
- This is encouraged by the European Union.



EUROPEAN REGIONAL DEVELOPMENT FUNDS

- Convergence regions
- Competitiveness and employment regions

Vocab

Fordist Production: form of mass production in which each worker is assigned one specific task to perform repeatedly.

Just-in-Time Delivery: Reducing on hand inventories and depending on materials arriving from product just in time.