Ankara University
Faculty of Languages, History and Geography
Department of Geography

GGR203 URBAN GEOGRAPHY

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PRODUCTION OUTLOOK

The content of this course is exactly compatible with the program in which the same course is taught in Turkish, and the open course materials prepared by Prof. Dr. E. Murat Özgür are used.

- **Urban economic activities can be divided into two groups at the most basic level:**

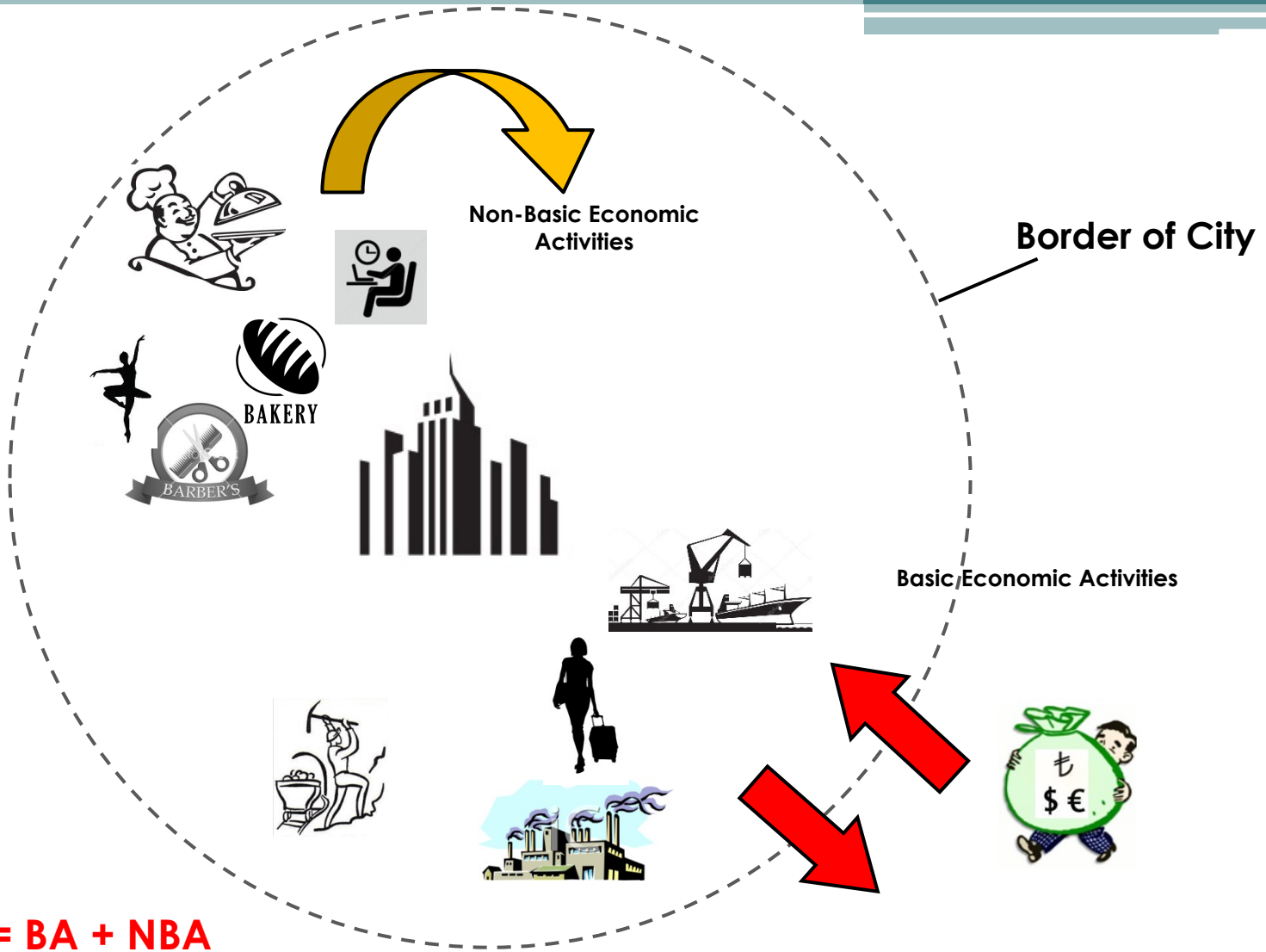
1. Basic economic activities

- They are the activities that provide income for the residents of the city by selling the goods and services produced in the city outside the city and are the engine of economic development.
- Until the last few decades, manufacturing jobs were considered the main urban activity. Today, advanced producer services and tourism-based jobs are also seen as an important part of basic urban activities.

2. Nonbasic activities

- Rather than providing income from outside the city to the city, they are the activities that ensure the circulation of the existing income within the city.
- It is traditionally associated with the retail shopping and various consumption services of the people of the city.
- This dual structure allows us to understand the main structure of the urban economy.

Basic and Non-Basic Economic Activities



TA = BA + NBA

TA = Total **Basic Economic Activities**

BA = **Basic Economic Activities**

NBA = **Non-Basic Economic Activities**

- The multiplier effect means that the overall impact of a business created by increasing capacity in the core sector or establishing a new facility is much greater than a business.

- If there is no multiplier effect; each job added to the local urban economy will add only as many jobs to the city itself (m = 1)

  TA = **m x BA**

  TA = Total economic activity
  BA = Bacis economic activity
  m = multiplier effect

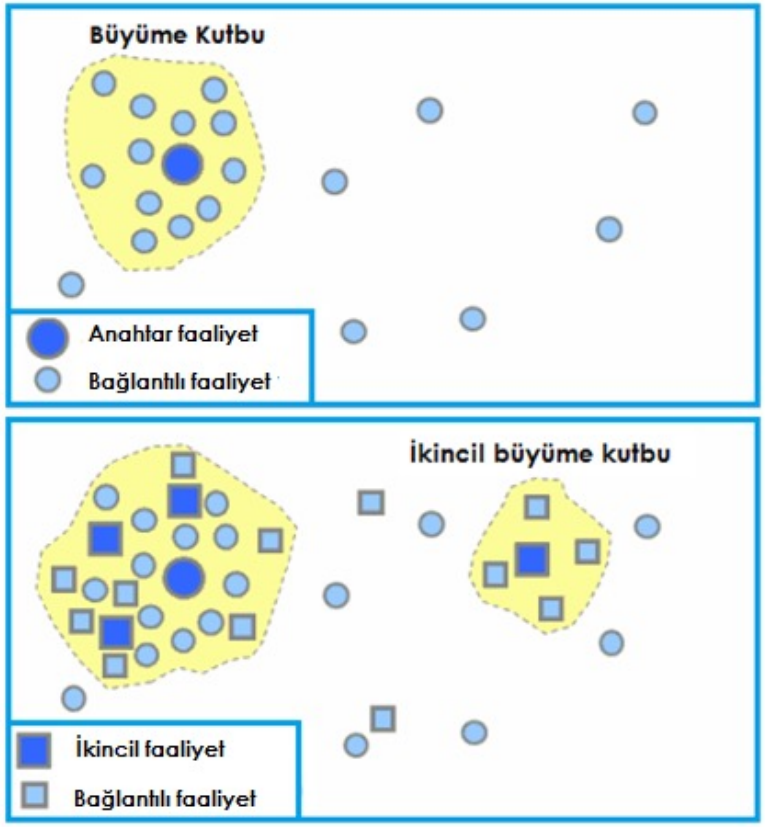
Multiplier Effect in Tourism

- Two models of industrial production and location can be used in relation to urban areas and urban growth:
- **Growth pole model and Stanback model.**

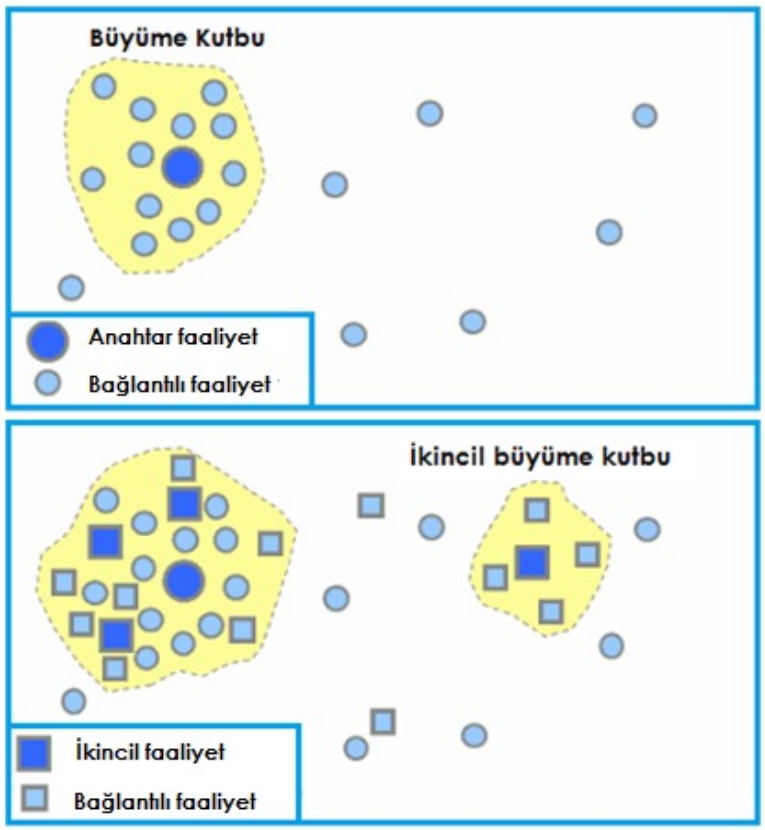
- **Growth pole model: Helps illustrate changes in industrial location over time among a group of urban areas.**
- The location and efficiency of manufacturing activity, the main components of the growth pole model, are inherently uneven and include one major center and many smaller centers.
- The key center is the growth pole, which has the highest level of operational efficiency and can experience the fastest population growth.
- Places outside the growth pole are slow-growing urban areas and the environment, which includes rural areas.

Growth Pole Model

- New and growing industrial enterprises are attracted by the growth pole, which over time leads to population growth and economic prosperity.
- Key industries and related industries help shape the growth pole that is the center of attraction.

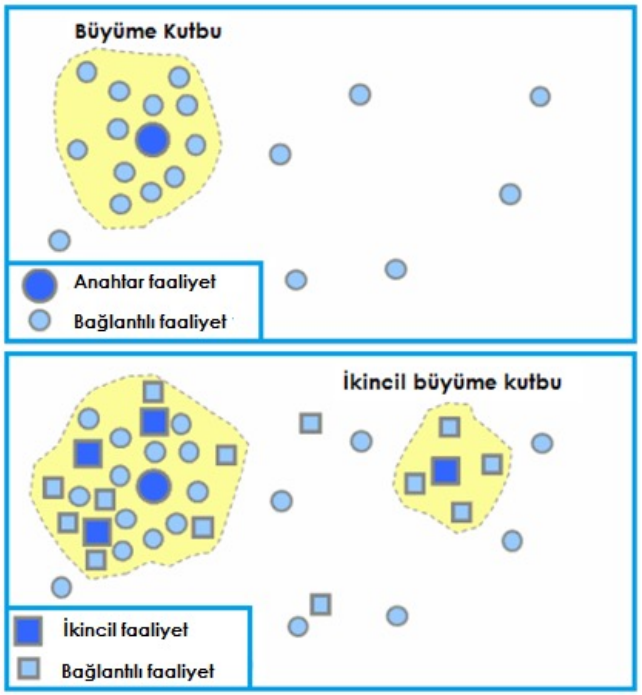


Source: http://people.hofstra.edu/geotrans/eng/ch2en/conc2en/growthpoles.html



- In the course of time, secondary industries also gather at the pole, and with the effect of the pole, other growth poles may develop in the region.
- **Surrounding industrial facilities may be dependent on growth pole firms through the purchase of goods and services as centers for the sale of manufactured goods in the key urban area.**
- Such a link between the growth center and its surroundings is known as **trickle-down processes** and is a positive element for regional urban industrial development.

Growth Pole Model



- There can also be negative elements of growth pole formation.
- These are known as **polarization processes** and involve the harmful effects of geographically uneven development.
- Since industrial firms in the growth pole are more efficient, low-cost and high-tech, the small industrial plants in the surrounding have difficulty in competing with them.
- Labor (especially skilled labor) migration takes place from the surrounding regions to the urban growth pole.
- More capital flows from the periphery to the larger urban centre. Therefore, the growth of the environment is delayed.

- This model attempts to explain the radical decline in manufacturing since the last quarter of the 20th century, which coincided with job losses in manufacturing and increases in professional services in advanced economies.

- **The Stanback model asserts two basic principles:**

1. **Cities that are over-specialized in industrial production adapt slowly and with difficulty to the new service economy in the world.**
2. **Large companies require a large number of advanced manufacturer services.**

- The decline in industry as a job-creating sector in US metropolitan urban economies has had significant ramifications for metropolitan areas in general.

- **Stanback (2002) proposes 5 basic ideas in this context:**

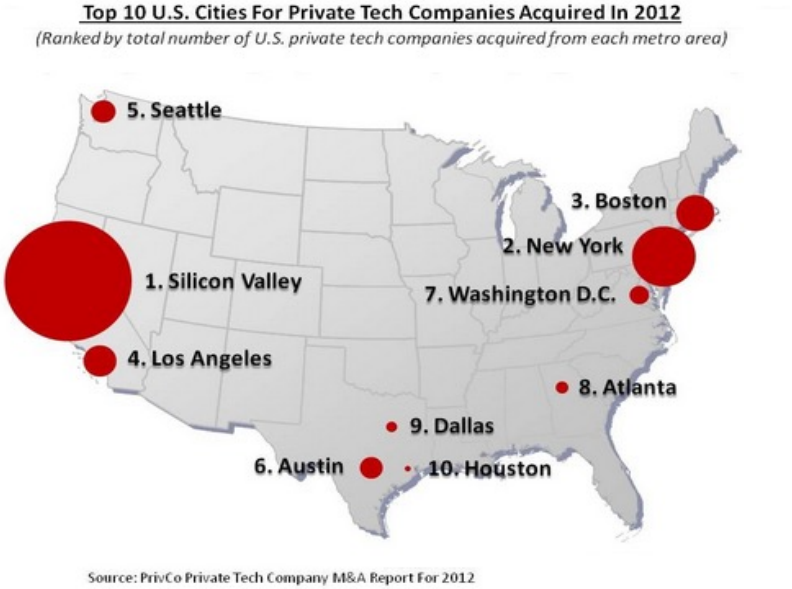
1. **The importance of the service sector in terms of job creation increases.**
2. **Unlike non-metropolitan economies, metropolitan economies have a dominant role.**
3. **There is sectoral specialization in metropolitan areas in economic sectors such as manufacturing, finance, health care and tourism.**
4. **There are large differences in the patterns of growth in employment, profit and income among metropolitan areas.**
5. **The importance of rent income increases as the source of demand gathered in the metropolitan area.**

- Manufacturing activities in the cities of developed countries cease to be a job-creating sector. **Investment income, which includes dividends, interest, rent payments and money transfers such as social insurance, aged care and health insurance, creates demand for labor and thus new jobs.**

- The city of Youngstone, at the center of the industrial belt (now the Rust Belt) in the USA, lost its manufacturing jobs and was not sufficiently successful in advanced producer services.
- However, the city of Charlotte is among the fastest growing cities in the USA. It has the headquarters of many banks and business diversity in producer services.

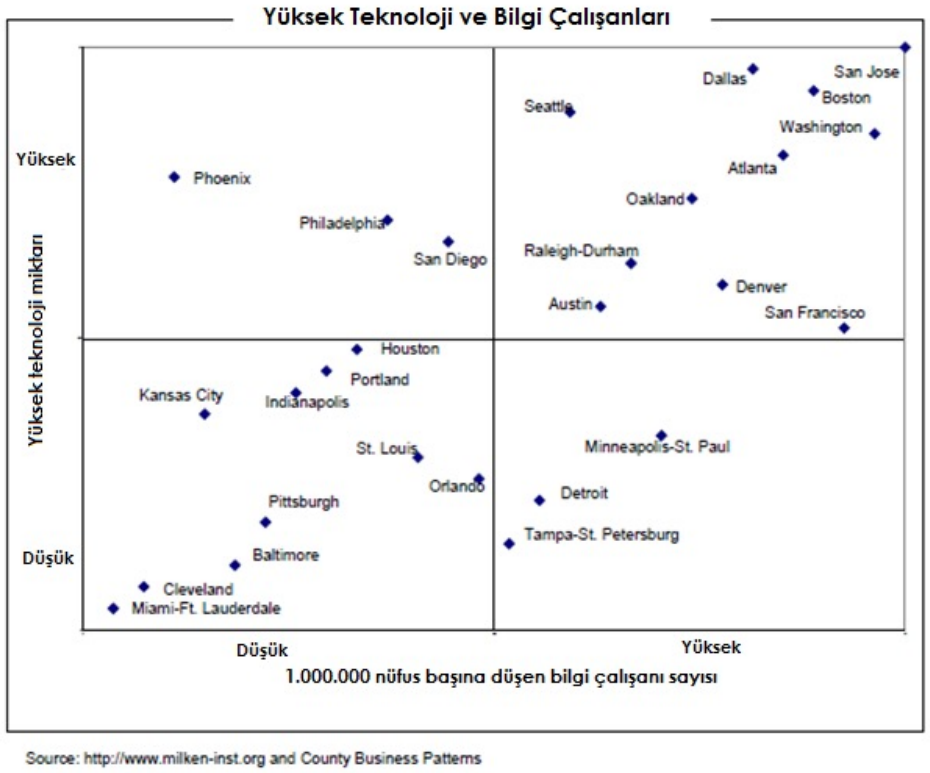
Location of the Human Capital and High-Tech Industry

- Certain metropolitan areas attract highly educated and talented people. There is a correlation between the high quality of life that makes life easier in these urban areas and the attractiveness of talented people to a location thanks to high wages.
- **The most educated population is located in Washington DC with 42%. Atlanta, Austin, Boston, San Francisco, and Seattle are cities with populations of more than 30% undergraduate and graduate degrees.**



No	Metropoliten Areas (A.B.D.)	Software workers (million/per person)
1	San Jose, CA	24.348
2	Washington DC	22.562
3	San Fransisco, CA	17.633
4	Boston, MA	16.871
5	Atlanta, GA	11.633
6	Dallas-Fort Worth, TX	11.345
7	Denver, CO	11.258
8	Oakland, CA	9.700
9	Minneapolis, MN	9.408
10	Raleigh-Durham, NC	9.309
11	Austin, TX	9.157
12	Seattle, WA	8.366

Location of the Human Capital and High-Tech Industry



Source: http://www.milken-inst.org and County Business Patterns

- **Cities with the Most Patents**
- İstanbul
- Ankara
- İzmir
- Bursa
- Manisa
- Kocaeli
- Konya
- Adana
- Gaziantep
- Denizli

- 23 cities, including Diyarbakır, Kastamonu, Muş and Yozgat, did not receive any patents between 1995 and 2011.

Technology Development Zones of Turkey

67 Faaliyetteki Bölge Sayısı

18 Yapılaşma Sürecinde Olan Bölge Sayısı

Source: https://www.tgbd.org.tr/content/upload/document-files/tgb-kilavuzu-20200309164538.pdf

- Understanding changes in manufacturing location and production within urban and metropolitan areas is important for urban space use.
- Two conceptual models can help us for this:
- **(1)Wheeler-Park Model and (2) Production Cycle Model.**
- **The Wheeler-Park Model** focuses on the differences and similarities between the city center and the local cities.
- The model includes five phases revealing changes in manufacturing location in developed world metropolises since 1985:

1. **Beginning of centralization**
2. **Gathering in the city center**
3. **Continuous improvement**
4. **Local urbanization-Decentralization**
5. **Suburban domination**

1. Beginning of centralization (1850-1880)

Manufacturing activities take place in and around the CBD.

Manufacturers have chosen these locations because of the rail lines and the focus of commercial activity.

This is a location with easy access to the labor market.

2. Gathering in the city center (1880-1920)

Railways are living their golden age, ports and canals are important in choosing a location.

Manufacturing facilities along the railway lines choose the right place in the CBD or even out of the city.

3. Continuous development (1920-1960)

The concentration of manufacturing in the city center has reached its peak.

Road truck transport has begun to replace rail transport.

Industrial centers are spread inland.

4. Local urbanization-Decentralization (1960-1980)

It is the phase where manufacturing activities move away from the congested, outdated city center and develop in open-space local cities.

In addition to the industrial facilities that were closed in the city center and moved outside, the newly opened facilities preferred the local cities.

Businesses have become dependent on trucking.

5. Suburban dominance (after 1980)

Manufacturing in the city center declined rapidly and local cities gained superiority.

Low-cost, vacant lots have been instrumental in this development.

Qualified workforce is available.

- The second theoretical approach developed to understand the urban manufacturing location is the product cycle model.

- **The model consists of three phases:**

1. Beginning
2. Development
3. Maturity

- Each phase; It is the combination of production costs that includes capital, R&D, management, unskilled labor and the value of urbanization economies.
- The triple composition for each phase reveals the different location preferences of the manufacturing companies.

- The political economy approach, which developed after the 1970s, does not accept rational decision making as the most important element, unlike neoclassical economic approaches. Instead, he argues that the spatiality of production is determined by structural elements.
- **According to this approach, cities are embedded in a great basic structure, especially the production structure that determines their quality and role.**
- Most cities are located within a capitalist system of production.
- The mode of production encompasses the basic economic relations, such as the combination of labor and raw materials to produce a product, and the social relations that make production possible.

Circulation of Capital

- David Harvey tries to reveal the effects of the capitalist economic system on urban space with his theory of capital circulations. According to Harvey, capital flows are one of the most important ways of realizing investment.

- **Three types of circulation can be mentioned: primary, secondary and tertiary circulation of capital.**
- **The primary circulation** of capital reflects the basic economy of profiting from industrial production. Primary circulation of capital occurs when industrialists invest to produce more things.
- **Secondary capital circulation** includes investments that are not directly related to production but are necessary. Harvey considers these investments not as direct inputs to production and consumption; define as assistants.
- **Tertiary capital circulation** includes investments necessary for the long-term survival of the capitalist system.