

In MDCs most workers are employed in the tertiary sector of the economy, which is the provision of goods and services. There is a close relationship between services and settlements; most services are clustered in settlements. They are also clustered in MDCs because that is where people are more likely to be able to buy services, rather than LDCs. Within MDCs business services locate in large settlements which are also the key markets.

Key Issue 1 – Where did services originate?

VII. Cities and Urban Land Use

C. Models of internal city structure

4. Changing employment mix

In North America, three-quarters of employees work in the service sector. There are three types of services: consumer services, business services, and public services.

Consumer services provide services to individual consumers and include retail

services and personal services. Retail and wholesale services include about 15% of all

jobs in the United States and provide goods for sale to consumers. Other consumer

services include education services, health services, and leisure and hospitality services.

Business services help other businesses and include financial services,

professional services, transportation and information services; they diffuse and distribute

services.

Public services which include governmental services at various levels provide

security and protection for citizens and businesses.

All the growth in employment in the United States between 1972 and 2009 has

been in the service sector, as employment in primary and secondary sector activities has

declined. Within business services, jobs expanded most rapidly in professional services.

The most rapid increase within consumer services has been in the provision of health

care. There have been other large increases in education, entertainment, and recreation.

Settlements probably originated to provide consumer and public services.

Business services came later.

VII. Cities and Urban Land Use

A. Development and character of cities

1. Origin of cities

There have been major urban settlements in different parts of the world since

ancient times, including Mesopotamia, Greece, and Rome. In ancient Greece city-states

such as Athens and Sparta, emerged. These included the city and surrounding countryside

or hinterland. Athens made major contributions to the development of culture,

philosophy, and other elements of Western civilization. This shows that urban settlements

have been distinguished from rural ones not only by public services but also by a

concentration of consumer services, especially cultural activities. Cities in the Roman world, especially Rome, were important centers of administration, trade, culture, and a host of other services. Urbanization declined with the fall of Rome and didn't reemerge until the 11th century. From the time of the fall of Rome until the Industrial Revolution the largest cities in the world were in Asia.

Key Issue 2 – Where are contemporary services located?

V. Agriculture and Rural Land Use

C. Rural land use and settlement patterns

2. Settlement patterns associated with major agricultural types

A large percentage of the world's population still practice agriculture and live in rural settlements. In **clustered rural settlements**, families live close to one another and fields surround houses and farm buildings. In **dispersed rural settlements**, farmers live on individual farms and are more isolated from their neighbors.

Circular rural settlements consist of a central open space surrounded by buildings. The medieval German *Gewandorf* settlements and East African Masai villages are examples of circular settlements. Linear rural settlements are clustered along transportation like roads or rivers. In North America most linear settlements can be traced to the original French *longlot* or *seigneurial* pattern.

Dispersed rural settlements are associated with more recent agricultural settlements in the developed world. In some European countries clustered patterns were converted to dispersed settlements. The rural **enclosure movement** that accompanied the Industrial Revolution in Britain is a good example of this transition. It provided greater efficiency in an agricultural world that relied on fewer farmers.

VII. Cities and Urban Land Use

A. Development and character of cities

- 1. Origin of cities**
- 2. Rural-urban migration and urban growth**
- 3. Global cities and megacities**

C. Models of internal city structure

- 4. Changing employment mix**
- 5. Changing demographic and social structures**

The population of urban settlements exceeded that of rural settlements for the first time in human history in 2008. In the 1930's Louis Wirth observed major differences between urban and rural residents. He defined a **city** as a permanent settlement that has three characteristics – large size, high population, and socially heterogeneous people. In the urban world most relationships are contractual and employment is more highly specialized than in rural settlements. In MDCs social distinctions between urban and rural

residents has become more blurred than in LDCs because nearly everyone in an MDC is now urban.

Urbanization is the process by which the population of cities grows, both in numbers and percentage. Today in MDCs, about three-fourths of the people live in urban areas, compared to about two-fifths in LDCs, although urbanization in Latin America is comparable to MDCs. In MDCs the process of urbanization that began around 1800 has largely ended, because the percentage living in urban areas cannot increase much more. The percentage living in cities in LDCs in recent years has increased because of rural to urban migration. Eight of the ten most populous cities in the world are currently in LDCs.

Key Issue 3 – Why are consumer services distributed in a regular pattern?

VII. Cities and Urban Land Use

B. Models of urban systems

2. Central place theory

Consumer services are generally provided in a regular pattern based on size of settlements, with larger settlements offering more than smaller ones.

Central place theory provides a framework for looking at the relationship between settlements of different sizes, especially their ability to provide various goods and services. It was developed by Walter Christaller in the 1930's, and was based on his studies of settlement patterns in southern Germany. A service will have a **market area** or **hinterland** of potential customers. Each urban settlement will have a market area, assuming that people will get services from the nearest settlement. The **range** is the maximum distance that people are willing to travel for a service, and the **threshold** is the minimum number of people needed to support a service. Retailers and other service providers will use these concepts to analyze the potential market-area. Determining the profitability of a location and optimal location within a market is called **market-area analysis**. Services and settlements are hierarchical, and larger settlements will provide consumer services that have larger thresholds, ranges, and market areas than smaller settlements. Christaller identifies four different levels of market area and seven different settlement sizes. Since this is a theory he made certain assumptions that may or may not be true in reality, such as equal ease of transportation in all directions, and that people would always get a service from the nearest available market.

VII. Cities and Urban Land Use

B. Models of urban systems

3. Gravity model

The **gravity model** predicts that the best location for a service is directly related to the number of people in the area and inversely related to the distance that people must

travel for it. A place with more people will have more potential customers, and people who are further away from a service are less likely to use it.

VII. Cities and Urban Land Use

B. Models of urban systems

1. Rank-size rule

Geographers have observed that, in many MDCs, there is sometimes a regular hierarchy of settlements from largest to smallest. This is the **rank size rule**, where a country's n th-largest settlement is $1/n$ th the population of the largest settlement. So the second largest city would be half the size of the largest. The hierarchy of towns and cities in the United States follows the rank size rule fairly well, which shows that goods and services are provided to consumers at many levels throughout the country. Many LDCs as well as some European countries follow the **primate city rule** rather than the rank size rule. A **primate city** is much larger and more important than any other city in that country. This is true of Buenos Aires, Argentina and Copenhagen, Denmark.

In settlements at the lower end of the central place hierarchy, **periodic markets** may be set up. These are collections of individual vendors who offer goods and services in a specific location one of two times a week. They exist all over the globe.

Key Issue 4 – Why do business services cluster in large settlements?

VII. Cities and Urban Land Use

A. Development and character of cities

3. Global cities and megacities

Modern world cities offer business services especially financial services. They also have retail services with huge market areas, such as leisure and cultural services of national importance. London presents more plays than the rest of Britain combined. World cities are also centers of national and international power. New York is the headquarters of the United Nations, and Brussels is one of the headquarter cities of the European Union.

Four levels of cities have been identified by geographers. These are world cities, command and control centers, specialized producer-service centers, and dependent centers. London, New York, and Tokyo are at the top of the hierarchy of world cities. They are dominant world cities and are unique in that they all have important international stock exchanges. There are also second and third tier world cities. Some major corporations and banks have their headquarters in second tier or major world cities. Third tier world cities are called secondary world cities.

C. Models of urban systems 4. Changing employment mix

Command and control centers contain the headquarters of large corporations, and concentrations of a variety of business services. There are regional centers like Atlanta and Boston, and subregional centers such as Charlotte and Des Moines. Specialized producer-service centers have management, and research and development activities associated with specific industries. Detroit is a specialized producer-service center specializing in motor vehicles. As the term suggests, dependent centers depend on decisions made in world cities for their economic wellbeing. They provide relatively unskilled jobs. San Diego is an industrial and military dependent center.

In the global economy, LDCs specialize in two distinctive types of business services - **offshore financial services** and **back-office functions**. Small countries, often islands and microstates, offer offshore financial services. These offshore centers provide tax havens for companies and privacy from disclosure. Back-office functions include processing insurance claims, payroll management, transcription work, and other routine clerical work. Some LDCs have attracted back offices because of low wages and the ability to speak English.

Basic industries are exported mainly to consumers outside a settlement and constitute that community's **economic base**. These industries employ a large percentage of a community's workforce. **Nonbasic industries** are usually consumed within that community. The growth of a community's economy that results from its basic and nonbasic industries is called the **multiplier effect**. Basic industries are vital to the economic health of a settlement. The concept of basic industries originally referred to the secondary sector of the economy, such as manufacturing but in a **postindustrial society** such as the United States, they are now more likely to be in the service sector of the economy.

KEY TERMS

Back offices
Basic industries
Business services
Central business district (CBD)
Central place theory
City
City-state
Clustered rural settlement
Consumer services
Dispersed rural settlement
Economic base
Enclosure movement
Gravity model
Hinterland

Market-area analysis
Multiplier effect
Nonbasic industries
Offshore financial services
Periodic markets
Postindustrial society
Primate city
Primate city rule
Public services
Range
Service
Settlement
Threshold
Urbanization

Key Issues Revisited

1. Where did services originate?

- consumer (including retail, health, education, and leisure), business (including financial, professional, and management), and public (including federal, state, and local) are the three types of services
- services originated in rural settlements, and the earliest services were primarily personal and public

2. Where are contemporary services located?

- services are clustered in settlements
- rural centers are centers for agriculture and provide a small number of services
- urbanization involves increases in the percentage of and the number of people living in urban settlements
- urban settlements are centers for consumer and business services

3. Why are consumer services distributed in a regular pattern?

- consumer services attract customers from market areas of varying size
- geographers calculate whether a service can be profitable within a market area
- in MDCs, market areas form a relatively regular hierarchy by size and distance from each other

4. Who do business services locate in large settlements?

- financial, professional, and other business services cluster disproportionately in large world cities to support the operations of major corporations
- world cities also play major consumer and public service functions

