



Economic Development

AP Human Geography



1. Economy

A system of production, distribution and consumption in a region.

2. Economic Sectors

- The economy can be broken down into different sectors or activities
- Sectors basically organize an economy by types of jobs
- The level of a country's development is directly related to these sectors

Stage of Production Sectors

Primary

Secondary

Tertiary

Quaternary



3. Primary Production

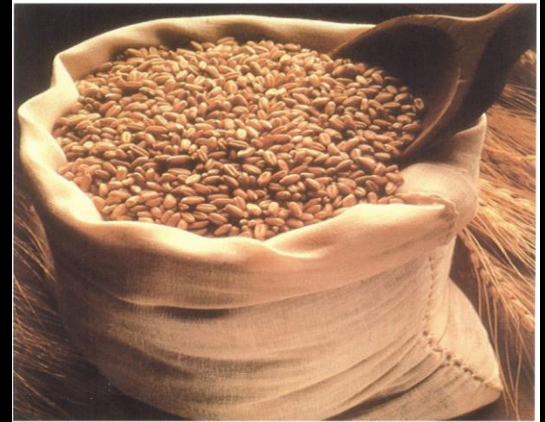
- Extracting natural resources from the earth
- Jobs that “gather” natural resources
- Examples
 - Agriculture
 - Mining
 - Fishing
 - Forestry
 - Oil drilling
- Primary Production is the largest sector in LDC's and the smallest sector in MDC's

Only 3% of jobs in the United States are primary sector jobs



Agriculture

- Includes subsistence farmers and commercial farming
- It is the least valuable of sectors
- But majority of world's population lives in rural agricultural regions



- **Mining and Energy Extraction**

- Global prices can fluctuate wildly
- Economies that rely heavily on energy prices (like oil) can rise and crash quickly with global prices
- Economies that rely heavily on one commodity can drastically change with the commodity chain



4. Secondary Production

- Manufacturing
- Converting natural resources into products
- Typical job = factory worker
- Largest sector in NIC's (Newly Industrializing Countries)



5. Value Added Processing: Value added to natural resources in the manufacturing process.

Factory-made products far out-value agricultural and natural resource products

The more complex and technology-driven the manufacturing, the higher the value of the end product

6. Durable Goods = intended to be used for more than a year



7. Non-Durable Goods = intended to be used for less than a year



8. Commercial Industry: Large scale, factory-based and employ many workers. Each worker typically participates in one small step of the manufacturing process, rather than making an entire product from start to finish. The purpose of a commercial industry is widespread production: to sell as many products as possible.

9. Cottage Industry: Small scale, people work in their own homes making products to sell, may only have one or two employees. In cottage industries, a worker often makes a product from start to finish.

10. Tertiary Production

- Service Jobs
- Not gathering resources, not making products
- Examples
 - Barista
 - Lawyer
 - Truck Driver
 - Doctor
- The largest sector in MDC's
 - 80% of US jobs are in the tertiary sector



Service jobs offer intangible products – you cannot “touch” them.

- Low-benefit services = labor force is low-skilled, low pay
- High-benefit services = labor force is highly-skilled, high pay

11. Quaternary Production

Knowledge based or Information based jobs

Tend to be highly specialized / highly skilled jobs

Examples

- Nuclear Engineer

- Computer programmer

- CEO

12. Capitalism

Economic system in which individuals, corporations and States produce goods and services that are exchanged for a profit.

To create profit producers seek the cheapest production and costs possible.

Wealth in the form of money or other assets.

13. Wallerstein's World Systems Theory

Great economic inequality between countries.
Inequalities are result of colonization.
Wealthy countries continue to exploit poorer countries for economic gain.

14. Three Tenets of World Systems Theory

1. The world economy has one market and a global division of labor
2. The world has multiple states, but everything takes place within the context of the world economy
3. The world economy has a three tier structure.
 - A tier is a site where particular economic processes take place

15. Tier One - Core

- Core countries have higher levels of education, higher salaries, and more technology
- Core processes generate more wealth
- Core Countries have high levels of tertiary and quaternary sector jobs

16. Tier Two: Semi-periphery

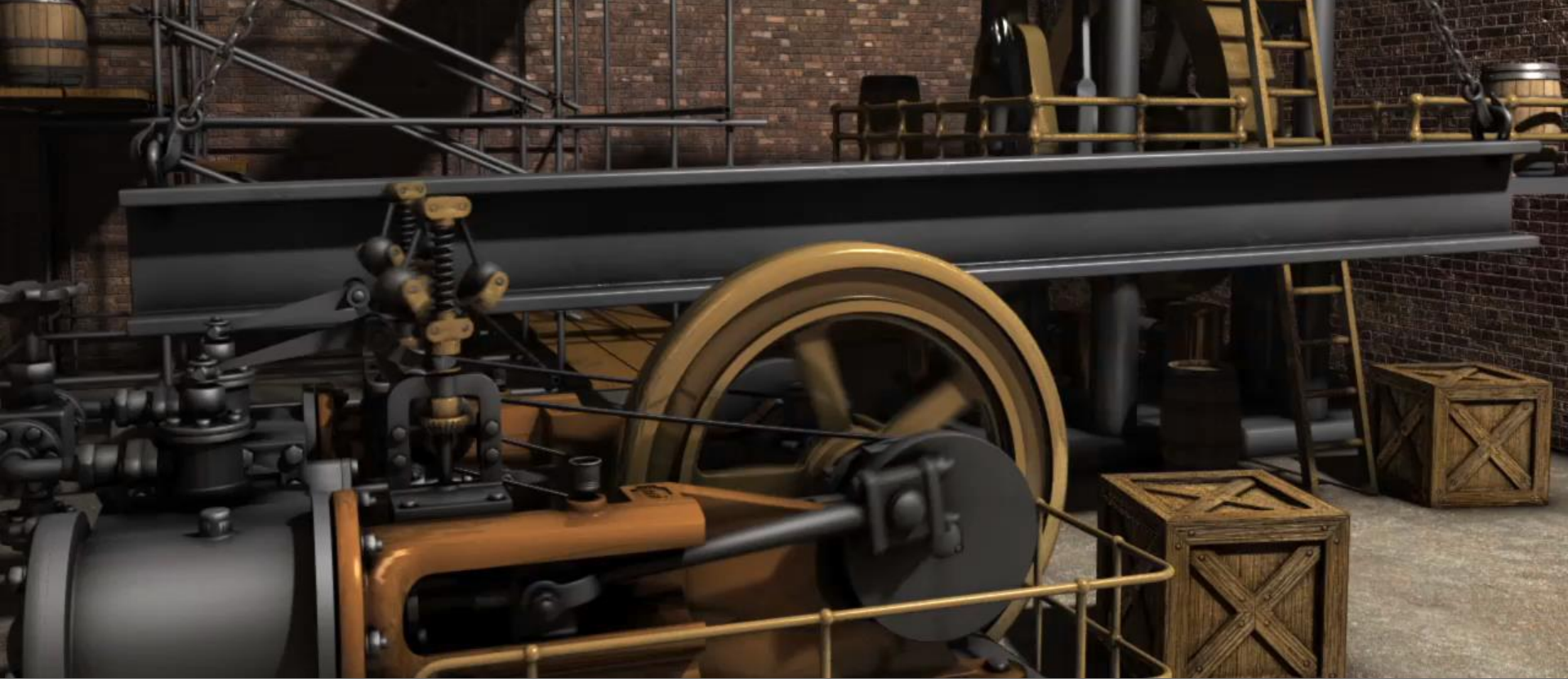
- Countries where core and periphery processes are taking place.
- Semi-periphery countries have high levels of secondary sector jobs

17. Tier Three - Periphery

- Periphery countries have lower levels of education, lower salaries and less technology
- Periphery countries are dominated by primary production jobs

Core countries exploit the periphery – using them for cheap labor, cheap raw materials and large scale agricultural plantations.

The rich get richer the poor get poorer.



18. Industrialization: The growth of manufacturing activity in an economy or a region.



19. Industrial Revolution

A series of inventions that brought new uses to known energy sources, new machines to improve efficiencies and enable other new inventions.

Examples

steam engine

iron smelting

water pump



Beginning of Industrial Revolution

When and where did the industrial revolution begin?

In Great Britain in the mid to late 1700s

Why Great Britain?

- 1. Flow of capital (capital = wealth/money)**
- 2. Second agricultural revolution**
- 3. Mercantilism and cottage industries**
- 4. Resources: coal, iron ore, and water power**



Diffusion to Mainland Europe

In early 1800s, innovations diffused into mainland Europe.

Location criteria:

1. proximity to coal fields
2. connection via water to a port
3. flow of capital



Diffusion to Mainland Europe

Later Diffusion

In late 1800s, innovations diffused to some regions without coal.

Location criteria:

1. access to railroad
2. flow of capital



20. Fordist

Dominant mode of mass production during the twentieth century, production of consumer goods at a single site.

Assembly Line model – different groups performing different tasks to complete a product.



21. Vertical Integration

When the same company owns and operates multiple sectors of the commodity chain.

BIG STEEL CORPORATION		
Owns and Operates		
Acme Mining Company	Pacific Railroad	Joe's Trucking

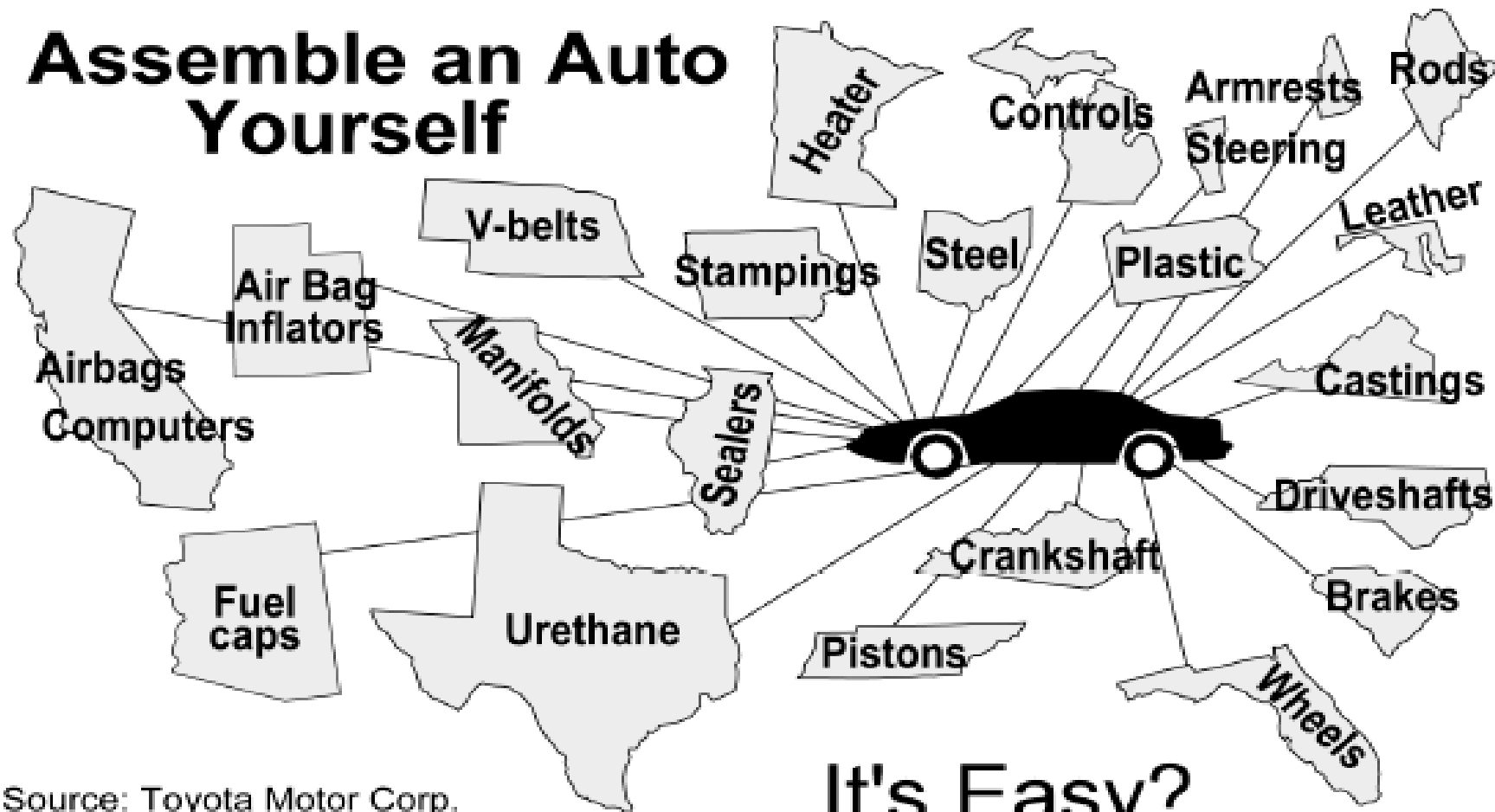


22. Post-Fordist

Current mode of production with a more flexible set of production practices in which goods are not mass produced.

Flexible Production System: Production is accelerated and dispersed around the globe by multinational companies that shift production, outsourcing it around the world.

Assemble an Auto Yourself



Source: Toyota Motor Corp.
of North America, 1994

It's Easy?



23. Just-in-Time Delivery

Rather than keeping a large inventory of components or products, companies keep just what they need for short-term production and new parts are shipped quickly when needed.



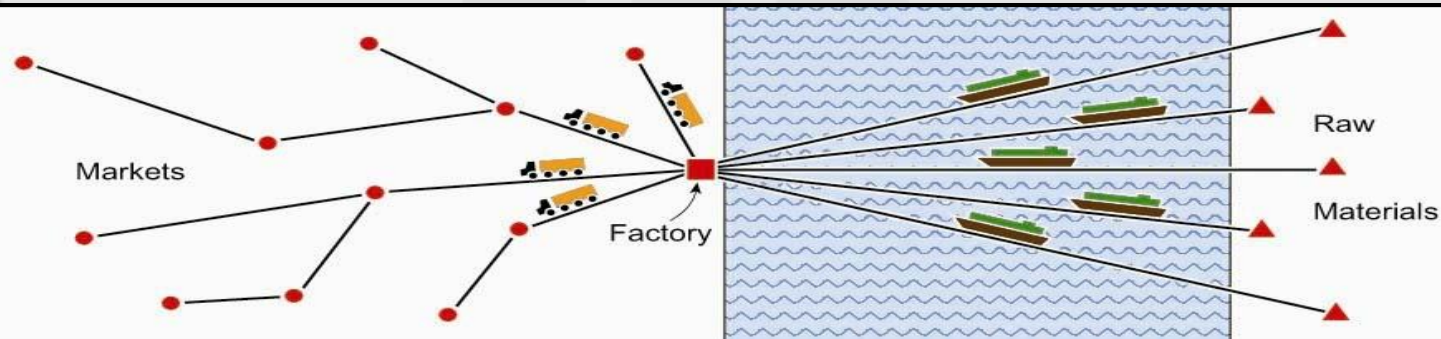
24. Intermodal Connections

Places where two or more modes of transportation meet – air, road, barge, and ship.

25. Break of Bulk Point

Location along a transportation route where goods must be transferred from one mode or transportation to another.

Port of Portland – Ships unload Toyota's on to rail cars or semi-trucks.



26. Renewability

- We can classify resources by their renewability

- **Non-living sources** = non-renewable

Fossil fuels

Minerals

- **Living sources** = renewable

Fisheries

Forestry

- **Alternative energy sources** = solar, wind, nuclear
 - Tend to be more expensive to harness

27. Sustainability

- Our ability to replace renewable resources as fast as we harvest them

28. Location Theory

- Theories predicting where business will or should be located.

29. Weber's Least Cost Theory

Manufacturing plants will locate where costs are the least (least cost theory)

Focus: minimize costs

- Location of raw materials

- Location of the market

- Transportation costs

Location chosen always has least combined costs

A location may have higher transport costs, but more inexpensive labor

30. Industrial Location Theory

- Two Types of Industry:
 - Weight-losing (bulk-reducing)
 - Weight-gaining (bulk-gaining)

31. Weight Losing / Bulk Reducing

- Final product weighs less than raw materials



Where would
you locate your
processing
plant?



32. Weight Gaining / Bulk Gaining

- Final product weighs more than main raw material



Where would you
locate your
processing plant?



33. Friction of Distance

The increase in time and cost that usually comes with increasing distance.

Example: The farther your manufacturing plant is from your natural resource the higher your transportation costs.

34. Agglomeration

Occurs when industries clump together in the same area. Can share costs such as electrical lines, roads, pollution control, etc.

35. High-Technology Corridors

- An area designated by local or state government to benefit from lower taxes and high-technology infrastructure with the goal of providing high-technology jobs to the local population.

Example - Silicon Valley, California

36. Technopole

- An area planned for high technology where agglomeration built on a synergy among technological companies occurs.

Example - Route 128 corridor in Boston

37. Deglomeration

Occurs when industries “declump” because of the negative effects of industrial overcrowding – pollution, traffic congestion, labor shortages, etc.



38. Deindustrialization

A process by which companies move industrial jobs to other regions with cheaper labor, leaving the newly deindustrialized region to switch to a service economy and work through a period of high unemployment.

39. Service Economy

Economic activity associated with the provision of services – such as transportation, banking, retailing, education, and routine office-based jobs.

40. Global Division of Labor

Corporations can draw from labor around the globe for different components of production.

41. Commodification of Labor

Factory owners and corporations began looking at human labor as commodities (objects for trade) with price tags per hour. Not seen as people.

42. Outsourcing

Moving individual steps in the production process (of a good or a service) to a supplier, who focuses their production and offers a cost savings

43. Offshore

Outsourced work that is located outside of the country.

44. Maquiladoras

- Everything you ever wanted to know about Maquiladoras – in two pages.
- Define
- Explain
- Describe
- AP Human Geo Connections



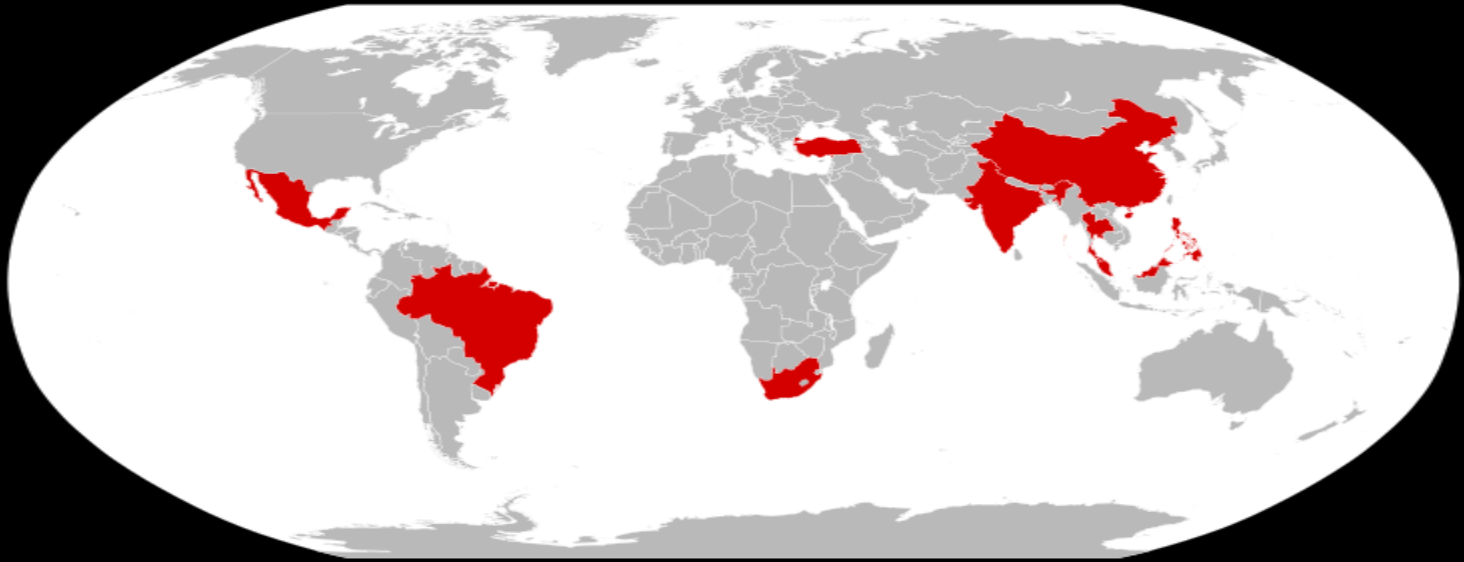
Writing Review

- To test your knowledge of the world economy and production
- Using each and everyone one of the following terms write the story of a product – from beginning to end
- From Cocoa Bean to Hershey's Bar in Times Square
 - Once upon a time there was a cocoa bean growing in the peripheral African country of Chad. One day a ten year old child slave, kidnapped from Cameroon, came strolling through the forest with his machete...

- Core
- Semi-periphery
- Periphery
- Primary production
- Secondary production
- Tertiary production
- Quaternary production
- Quinary production
- Commodity chain

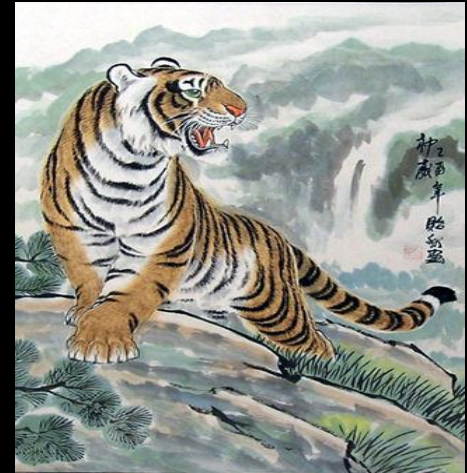
45. NIC

- **Newly Industrialized Country**



46. Asian Tigers

- Industrial economies of Asia that are rapidly growing



Asian Tigers: Two Types

OLD ASIAN TIGERS	NEW ASIAN TIGERS
Received foreign aid from international programs (not loans)	Foreign direct investment (loans--looking for profit)
Cause: Foreign democracies supported their growth during Cold War to battle communism	Cause: Demand for low-cost consumer products
Manufacturing developed in 1950s-70s	
Irony: by 1970s these countries were competing with U.S. and Britain	
<ul style="list-style-type: none">• Japan• South Korea• Taiwan• Hong Kong• Singapore	<ul style="list-style-type: none">• China• India• Indonesia• Malaysia• Thailand• Vietnam

Asian Tigers: Asian Economic Crisis

- 1997
- Banking crash in South Korea
- Money for development in New Asian Tigers dried up
- Led to deindustrialization of Old Asian Tigers (moving from Manufacturing to Service economy)



3 Traditional Methods of Measuring A Countries Economic Welfare and Development

1. Gross Domestic Product (GDP)
2. Gross National Product (GNP)
3. Gross National Income (GNI)

47. Gross Domestic Product (GDP)

- Dollar value of all goods and services produced, IN THE COUNTRY, in one year
- **GOODS + SERVICES=GDP**

48. Gross National Product (GNP)

- Dollar value of goods and services produced by citizens of a country, ON ITS LAND OR ON FOREIGN LAND, in one year.

- **GOODS + SERVICES=GNP**

	GDP	GNP
Highest per capita	Luxomberg \$87,400	Luxomberg \$45,360
Lowest per capita	Liberia \$16.00	Mozambique \$80.00

Using Economic Indicators to determine MDC or LDC

- If per capita GNP is greater than \$10,000 it is considered a MDC (More Developed Country)
- If per capita GNP is less than \$10,000 it is considered a LDC (Less Developed Country)

49. Gross National Income (GNI)

- Dollar value of all goods and services produced in a country, plus value of exports minus imports.
- $(\text{GOODS} + \text{SERVICES}) + (\text{EXPORTS} - \text{IMPORTS}) = \text{GNI}$

50. Trade Surplus: When exports are greater than imports

- A positive number—Adds value to the economy

51. Trade Deficit: When imports are greater than exports.

- A negative number— Removes value from the economy

52. Purchasing Power Parity (PPP)

- Adjusts the value of money and cost of living for each country.
- Attempts to control for differing monetary values and costs.
 - For example in country A one hamburger costs 2.00, while in country B one hamburger costs 6.00. A worker in Country B may make more in wages, but would have significantly less purchasing power and potentially be “poorer” than a worker in country A who makes less money.
- PPP creates a country of equal: If everyone in the world brought their income to the country of “Equal” and their money was converted to an equal value, how wealthy would they be?

Problems with Measuring Economic Welfare and Development

- Indicators do not factor in a country's underground economy of tax evaders and criminal enterprises.
 - Colombia – Billions of dollars in cocaine not factored into econ indicators.
- Determines a country's growth and standard of living, but it only does this from a material perspective and does not factor in actual social welfare.
 - India - Huge increase in GDP
 - Very Low HDI (135 /177)
- Shows overall wealth, but not distribution. A small percentage of the population may be reaping most of the wealth.

53. Human Development Index (HDI)

- Designed by the United Nations – scale of 0.00 to 1.00
- Includes social indicators as well as economic
- Includes:
 - GDP per capita
 - Adult literacy rate
 - Average level of education
 - Total life expectancy

	GNI per capita	GNI PPP	HDI	MDC or LDC?
U.S.	46,040	45,850	.950	
Russia	7,560	16,085	.806	
Nepal	340	1,040	.530	

54. Gender-related Development Index

- Compares the level of development of women with that of males in the same country using HDI measures.
- Measures three basic dimensions:
 - Health – measured by life expectancy at birth
 - Education – measured by expected years of schooling and mean years of schooling
 - Economic Attainment – measured by estimated earned income
- Arab states and the sub-Saharan African region have relatively high gender gaps. Afghanistan highest largest gap.
- In 16 countries female HDI values are equal or greater than males (Argentina, Russia, Poland....). Often due to significantly longer life expectancies for women.
-

55. GEM (Gender Empowerment Measure)

- **Compares the ability of women and men to participate in economic and political decision-making.**

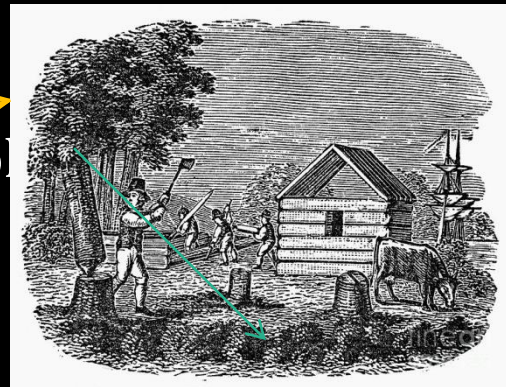
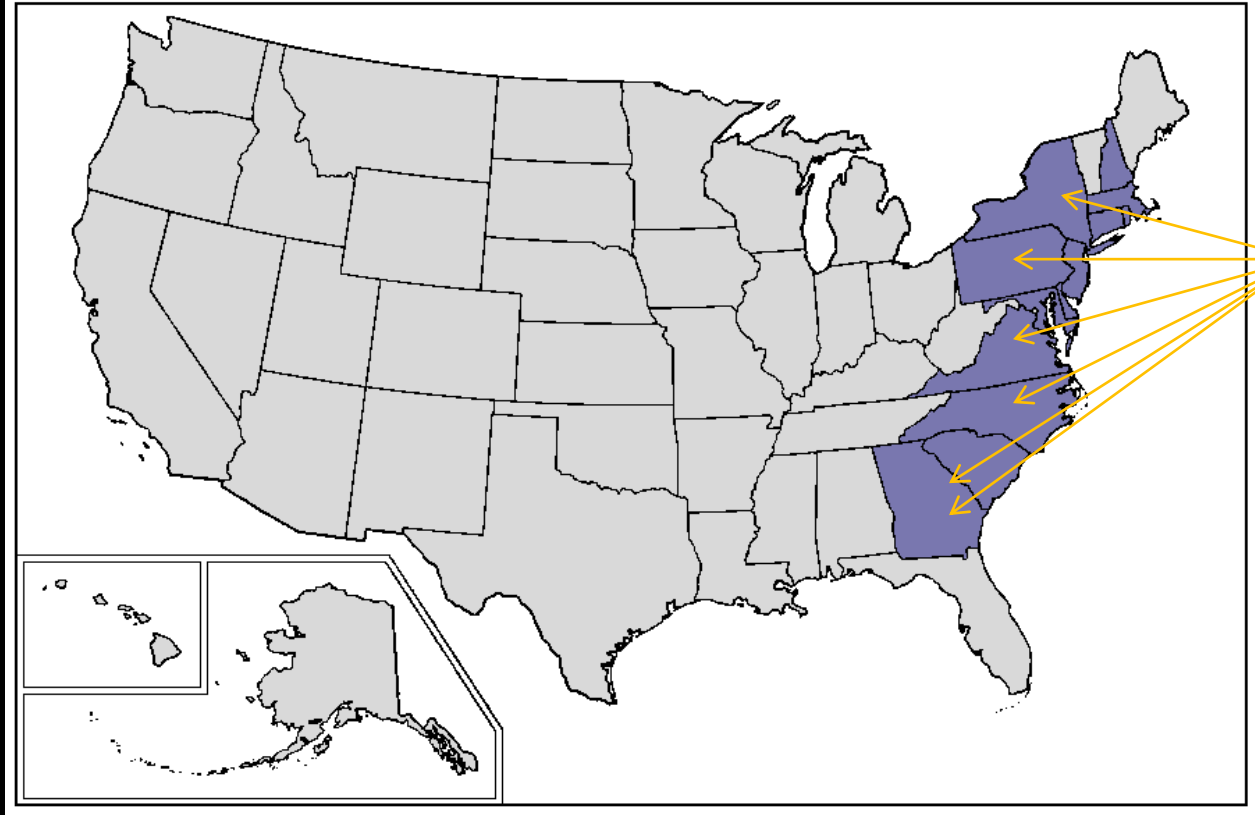
56. 4 Stages of Economic Development

OR

How does a COUNTRY develop economically?

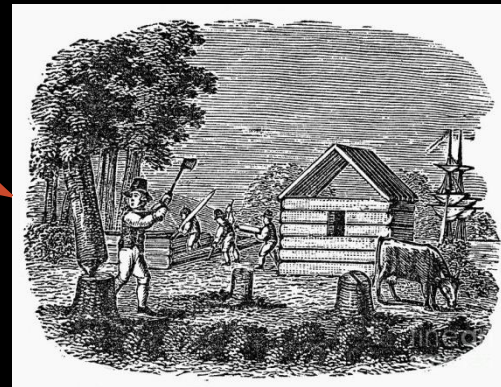
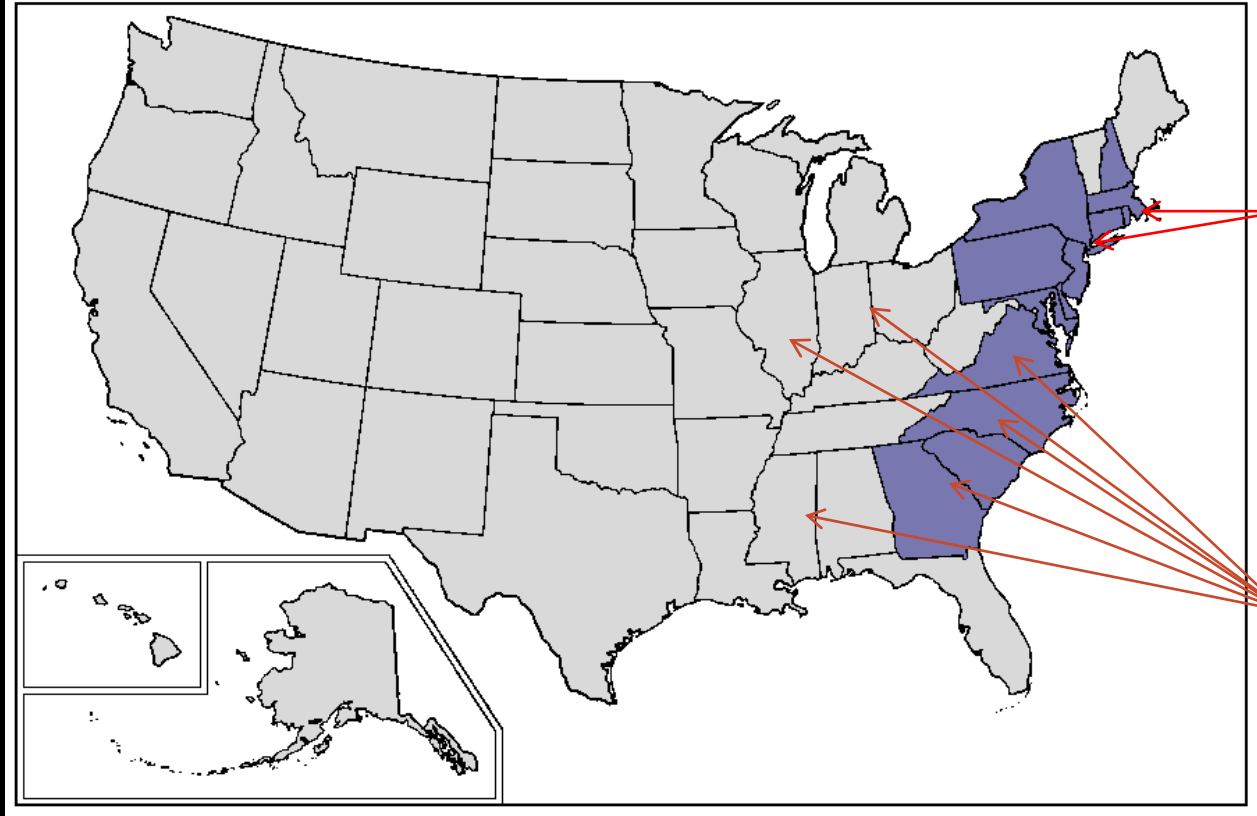
Stage 1

- Preindustrial
- Independent local centers
- Small market areas
- Little interaction
- Mostly agricultural



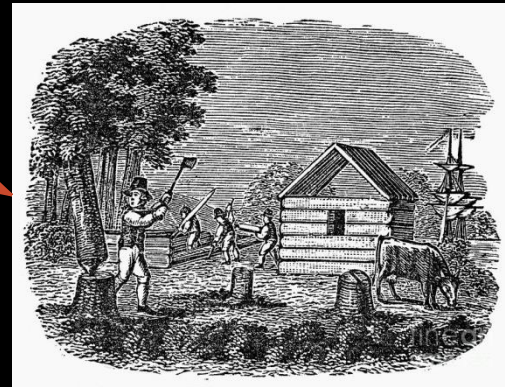
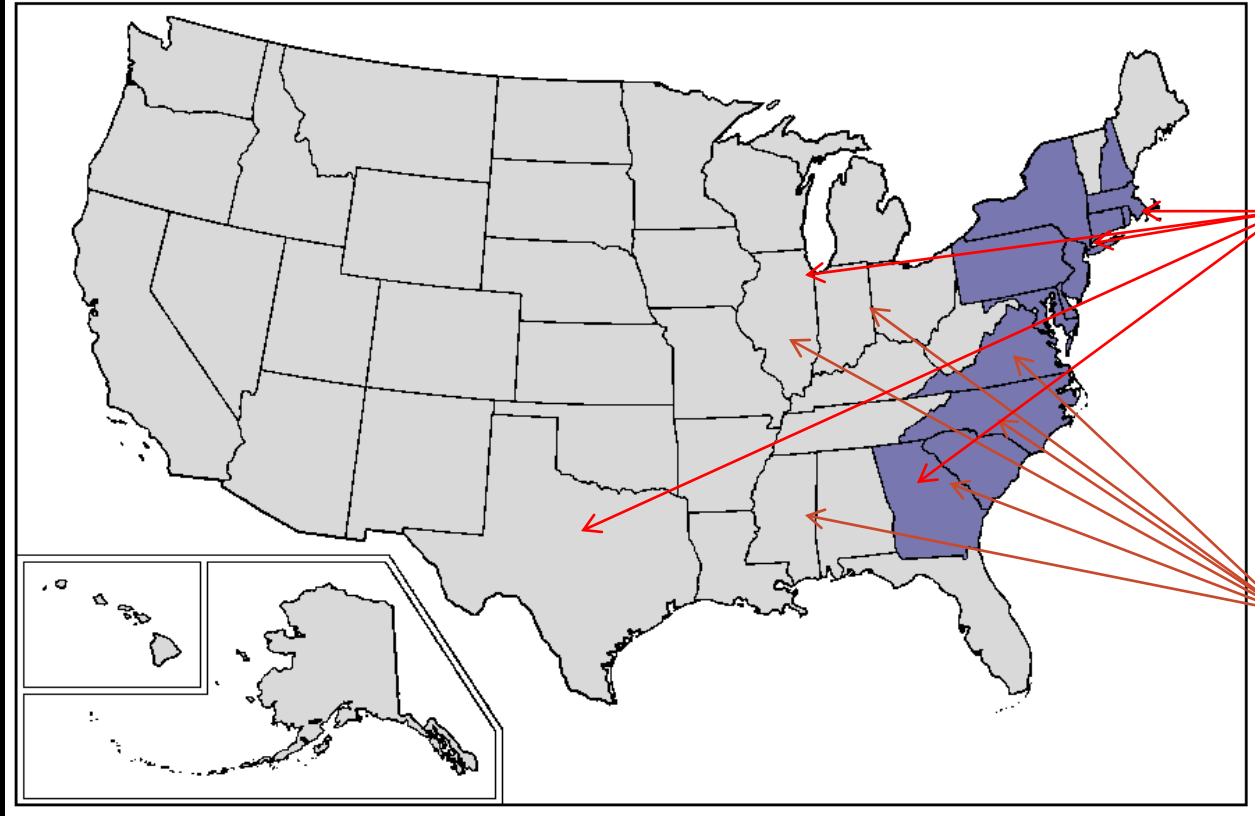
Stage 2

- Early industrialization
- Concentration of wealth and power into a single core region or city.
- Raw materials drawn from periphery to processes in the core
- Core sends processed materials to periphery



Stage 3

- Industry develops further
- Core strengthens and remains dominant but...
- Regional subcenters emerge
- Core and subcenters continue to process raw materials from the periphery



Stage 4

- Mature and functionally interconnected economy
- Periphery is absorbed into nearby economies



Applied on the Global Scale

- **Most LDCs:** Stage 2 or 3
 - Asia, Africa, Latin America
- **MDCs:** Stage 4
 - North America, Western Europe

- Instant Essay

- 1 page explaining the relationship between the DTM and the four stages of economic development.

57. Rostow's Stages of Growth

- Developed in 1950s
- Assumption: Every country has some form of *comparative advantage* that can be used for economic growth
- Rostow's 5 Stages:
 1. Traditional Society
 2. Preconditions for Takeoff
 3. Takeoff
 4. Drive to Maturity
 5. Age of Mass Consumption

Rostow Stage 1: Traditional Society

- Main economic activity is subsistence farming
- Very little investment in infrastructure

Rostow Stage 2: Preconditions for Takeoff

- Country's leadership begins to invest in infrastructure – roads, ports, utilities, schools
- Infrastructure supports economic development and trade with other countries

Rostow Stage 3: Takeoff

- Economy focuses on a limited number of industrial exports
- Many people still in agriculture, but shifting to industrialization
- Increase in technical knowledge

Rostow Stage 4: Drive to Maturity

- Technology diffuses throughout country
- Advances in industrial production are seen in most sectors
- Workers become skilled, educated
- Fewer workers in agriculture

Rostow Stage 5: Age of Mass Consumption

- Consumer products dominate the economy
- Technical knowledge, education = high
- Agriculture is mechanized (no longer traditional)
- Very small agricultural labor force

Criticism of Rostow's Theory

- His model is based on U.S. and other industrialized countries
- Assumed comparative advantage not equal
 - Example: Natural resources extracted from LDCs by MDCs during colonization – that income is lost forever
 - Wealth in many less developed nations is controlled by foreign corporations – wealth is not used to develop local economy or improve social welfare. Cannot benefit from your “comparative advantage” if you don't control the advantage.

- **Borchert's epochs** refer to five distinct periods in the history of [American urbanization](#). Each epoch is characterized by the impact of a particular transport technology on the creation and differential rates of growth of [American](#) cities. This model was conceptualized by [University of Minnesota](#) geographer [John R. Borchert](#) in 1967. The five epochs identified by Borchert are:
- Sail-Wagon Epoch (1790–1830);
- Iron Horse Epoch (1830–70), characterized by impact of steam engine technology, and development of steamboats and regional railroad networks;
- Steel Rail Epoch (1870–1920), dominated by the development of long haul railroads and a national railroad network;
- Auto-Air-Amenity Epoch (1920–70), with growth in the gasoline combustion engine;
- Satellite-Electronic-Jet Propulsion (1970–?), also called the High-Technology Epoch.
- Borchert did not provide an ending date for his fifth epoch. Subsequent researchers (e.g., Phillips and Brunn) have proposed an extension of Borchert's model with new epochs to take into account late 20th-century developments in patterns of metropolitan growth and decline in the United States.

58. Neocolonialism

- The continued economic dependence of new states on their former colonial masters

59. Dependency Theory

- Asserts that former colonies are still poor because of colonization
- Political boundaries drawn for resources not according to cultural groupings
- When colonizers left, the populations in those states were not unified and has led to ethnonational conflicts

Tying it all Together

- Primary Production
- World Systems Theory
 - Core
 - Semi-Periphery
 - Periphery
 - Core Exploits Periphery
- Global Division of Labor
- Rostow's Stages of Development
- Neo-Colonialism
- Dependency Theory
- <http://www.irinnews.org/film/5005/Land-of-Dust>

60. Development

- The process of improving the material condition of people through the growth and diffusion of technology and knowledge.

- <http://www.gapminder.org/videos/hans-rosling-and-the-magic-washing-machine/>

Issues with Measuring Economic Development

- All measurements count the:

61. Formal Economy – the legal economy that governments tax and monitor.

- All measurements do not count the:

62. Informal Economy – the illegal or uncounted economy that governments do not tax or keep track of.

How do Countries Develop (or try)?

63. Dollarization

Abandoning the local currency of a country and adopting the dollar as the local currency.

Hope to gain from the use of a stronger more stable currency – for example the US dollar.

64. Structural Adjustment Loans

65. Export Processing Zones (EPZ's)

- Zones established by many periphery and semi-periphery countries to attract foreign investment. Offer favorable tax rates, regulations and other incentives.

66. Special Economic Zones (SEZ's)

- Specific area within a country which tax incentives and less stringent environmental regulations are in place to encourage foreign investment

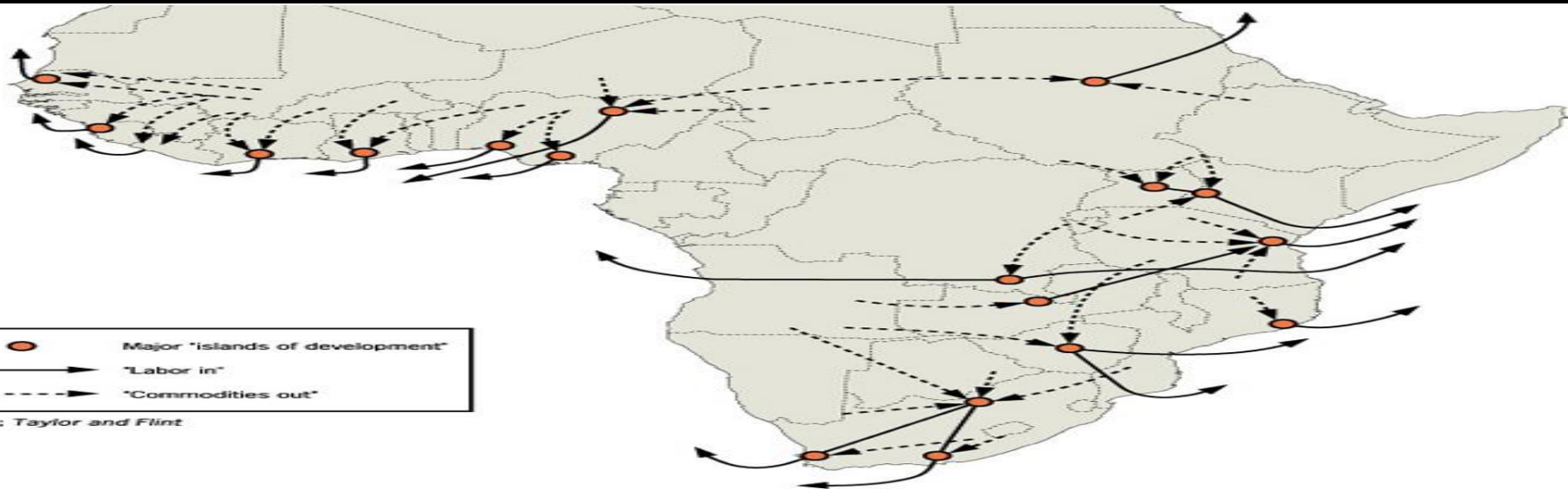
Maquiladora's

- SEZ's in northern Mexico
 - Factories supply manufactured goods to US.
 - Low wage workers assemble imported components or raw materials which are then exported.

67. NAFTA

- North American Free Trade Agreement: Agreement between Canada, United States and Mexico which eliminated trade barriers and facilitated the cross border movement of goods and services.

68. Islands of Development



Places within a region or country where foreign investment, jobs, and infrastructure are concentrated.

Malaysian government built a new, ultramodern capital at Putrajaya to symbolize the country's rapid economic growth.



The global oil industry has created the entire city of Port Gentile, Gabon to extract Gabon's oil resources.



69. Nongovernmental Organizations (NGOs)

- Organizations that operate independent of state and local governments, typically, NGOs are non-profit organizations. Each NGO has its own focus/set of goals.
- Generally focus on economic development that will also improve human welfare.
 - Building schools
 - Providing malaria nets
 - Providing safe water

70. Microcredit Program:

- Loans given to poor people, particularly women, to encourage development of small businesses.

Barriers and Costs to Development

Barriers to Economic Development

- Low Levels of Social Welfare (poverty, health care, lack of education, etc.)
 - Trafficking
- Foreign Debt
- Political Instability
- Widespread Disease
 - Malaria

71. Trafficking

- When a family sends a child or adult to a labor recruiter in hopes that the recruiter will send money back to the family. Also hope family member will earn money and send it back.

72. Foreign Debt Obligations

- Countries take loans to develop and then must pay back loan with interest.
- If loan payments exceed the export of
- goods and services the country will suffer severe economic conditions.

73. Vectored Diseases

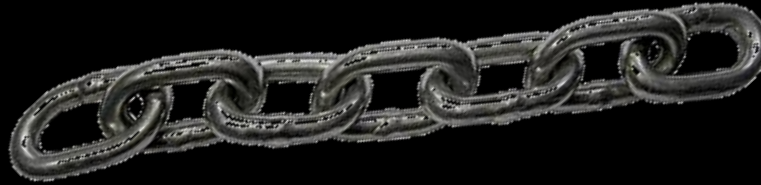
- Diseases that are carried from one host to another by an intermediate host.

74. Malaria

- Parasite spread by mosquitoes.
- Malaria kills 150,000 children in the global periphery *each month*.

75. Commodity Chain

- Commodity = a good that is marketed and sold
- Commodity Chain – Explains the links between producers and consumers



Writing Review

- To test your knowledge of the world economy and production
- Using each and everyone one of the following terms write the story of a product – from beginning to end
- From Cocoa Bean to Hershey's Bar in Times Square
 - Once upon a time there was a cocoa bean growing in the peripheral African country of Chad. One day a ten year old child slave, kidnapped from Cameroon, came strolling through the forest with his machete...

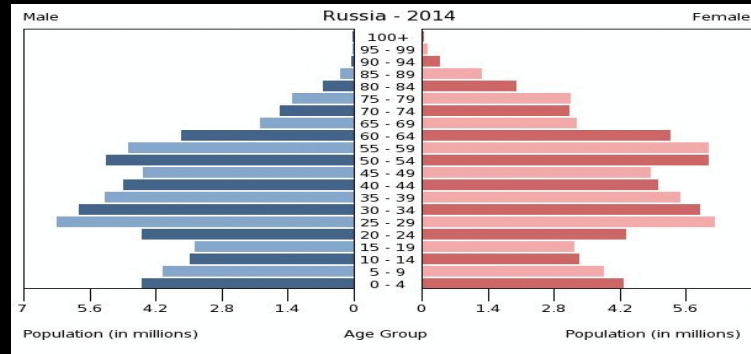
REGIONS – MINI FRQ

- A. What is the predominant religion in North Africa?
- B. What is the predominant religion in West Africa?
- C. Describe and explain a religious conflict that has occurred between the two regions.
 - The more specific and detailed the better
 - USE APHG VOCAB

REGIONS – MINI FRQ

- A. What is the predominant religion in North Africa?
- Islam
- B. What is the predominant religion in West Africa?
- Christianity
- C. Describe and explain a religious conflict that has occurred between the two regions.
- Interfaith boundary
 - African Transition Zone
 - CONFLICTS
 - Good: Fundamental Islamic groups in north fighting government backed Christian groups
 - Better: Islamic Jihadist organization, Boko Haram, fighting Christian groups for control of Northern regions of Nigeria.

MINI FRQ - DTM



- A. Based on the population pyramid above, explain which stage of the DTM Russia is in currently.
- Bonus for including actual CBR and CDR numbers – rounded to whole number acceptable.
- B. Explain ONE positive impact of Russia's population pyramid on its economic development.
- C. Explain ONE negative impact of Russia's population pyramid on its economic development.
- D. Explain why current demographic trends in Russia are not following the traditional demographic transition model.

A. Based on the population pyramid above, explain which stage of the DTM Russia is in currently.

(3 points)

May respond with Stage 4 or Stage 5

Stage 4

- Birth rates and death rates low (around 10)
- CBR and CDR are at near equilibrium
- Close to zero population growth

Stage 5

- Birth rates drop below Death rates
- Causes a negative RNI
- Shows a “graying” population trend

BONUS

CBR: 11.6 (11 or 12)

CDR: 13.69 (12 or 14)

B. Explain ONE positive impact of Russia's population pyramid on its economic development.

(1 point)

- Educated (skilled, experienced, etc.) workforce
- Low youth dependency ratio
- More women in the compensated workforce
- Tendency to spend discretionary income on needs other than education

C. Explain ONE negative impact of Russia's population pyramid on its economic development.

(1 point)

- High elder dependency ratio
- Possible future labor shortage
- Greater need to fund elder social safety net (e.g., Social Security)

D. Explain why current demographic trends in Russia are not following the traditional demographic transition model.
(1 point)

Model predicts that as countries develop, death rates will drop and stabilize around 10. Russia's death rates are currently rising and are actually reflective of stage three.

UNIT 1 and 2

REVIEW SESSION

1. Go through each and every vocab term – mark in some way all terms that you do not know. Could you define, explain and give examples.
2. Identify the BIG THREE concepts for each unit. What are the most important concepts to understand for that unit.
3. Choose one of the three concepts and develop a three minute presentation that would explain and teach the concept. You could be called to the front of class to “teach” one of your concepts in the very near future.
4. Study unit vocab for eminent quiz – quiz could be verbal or written and happen at any given time.

UNITS 5 and 6

REVIEW SESSION

1. Go through each and every vocab term – mark in some way all terms that you do not know. Could you define, explain and give examples.
2. Identify the BIG THREE concepts for each unit. What are the most important concepts to understand for that unit.
3. Choose one unit. Write an FRQ question based on two of the big concepts you identified for the unit. (connections and application)
4. Develop a scoring rubric for the FRQ question.
5. If you finish – write FRQ for the other unit.

A. Define a Maquiladora: (2 points)

1 point for any 2 bulleted items, 2 points for 3-4 bulleted items

- Foreign owned plants located in Mexico (outsourcing)
- Advantage of cheap labor (sweatshops can serve as a synonym for cheap labor)
- Export of assembled products to the US (export processing zones)
- Import of product components (not acceptable: manufacturing without assembly and use of raw materials)



B. Refer to the map to explain the spatial distribution of maquiladoras within Mexico:

(2 points)

1 point for location on the border of the US (e.g., Ariz., Calif., New Mexico, Texas) & Mexico,

1 point for explanation why maquiladoras are located on the border

- *Acceptable:*
 - Close to major cities/ points of entry to the US
 - Ease of transportation into the US
 - Mexican government originally insisted that maquiladoras be within 35 miles of the US border
- *Not acceptable:*
 - Low cost labor
 - Ocean ports
 - Physical environmental factors



C. Discuss FOUR factors that explain why Mexico has emerged as an important location in the global system of industrial organization:

(4 points) 1 point for each factor

- Labor:
 - Inexpensive labor costs in Mexico: New/global international division of labor
- Political/Economic:
 - NAFTA
 - Weak environmental regulations in Mexico
 - Tax incentives/ No Mexican tariffs on imported parts or for exported products
 - Mexico's stable government
 - Mexico's stable economy
 - Mexico's proximity to US market
 - Mexico's expanding middle class/ urbanization/skilled labor
 - Exploitation of less developed countries/ core-periphery model
 - Rise of transnational corporations
 - Use of oil as leverage in international market (equity for international loans)
 - US shift to a tertiary economy
 - Tourism as a source of foreign currency

