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## Geography Test Economic Geography, Name: Cyril Zürcher

1. Answer true statements with "Yes", wrong statements with "No" (2p)

- The product-life-cycle hypothesis is a model described by Fourastié No
- The three sector theory claims that the tertiary sector gains importance as time goes by yes
- The three sector theory claims that the tertiary sector will be replaced by computers no
- The iceberg model claims that close to 90% of the economy is based outside the GNP yes
- A part of the shadow economy can be illegal yes
- The "third system" is used in the EU to describe the shadow economy yes
- Money is never used in the informal sector to pay goods or services no

2. Define the following terms with 8 to 12 words each. (2p)

disparities	differences between companies/systems.
Joint venture	Foreign investor joins with local producer to achieve lowest cost of production.
Minimum transportation point	At this point / area the transportation costs are the lowest. (And shortest)
Backyard Industries	Products produced by families in backyard for bigger companies. Like <u>jute</u> products...

3. What was wrong about the forecast of Fourastié's model? Why was it wrong? (2p)

Fourastié said that that the third sector was never going to be the biggest sector. He said that only people which couldn't find work in the first or second sector will move to the third sector. This was wrong because with mechanization etc. the first and second sector will grow smaller  $\hookrightarrow$  less personal needed.

He also said that the third sector will keep growing without limitation  $\rightarrow$  this was proved to be wrong. Because through automation, mechanization some jobs don't need to be occupied by people anymore, which means that the sector could also grow smaller.

7. What is a Kondratiev wave? Make an example for such a wave including its geographic location and name the four typical phases of the process. (2p)

A Kondratiev wave is a graph which shows the economic development over a period of 50 years. In the silicon valley which develops major IT technologies. → The silicon valley went through a major boom in the 2000's but now this technology centre is in the downturn. Many companies move to for example California which is now in the upswing.

1. upswing
2. downturn
3. depression
4. recovery

8. Find one advantage and two disadvantages of a computer trade system. (1.5p)

- ⊕ the trades are made instantly with just a small increase in a rate computers buy or sell. Huge wins can be generated through this
- ⊖ - the computer can't process political situations, which means if Donald Trump makes a threat towards a certain industry the computer doesn't realize the future losses, which, a human can calculate.  
- through computer trading huge losses can be generated, also because humans lose control over the trades a PC performs.

9. Why did the model of Weber lose some of its importance? In which type of production is it still valid? (1.5p)

The model of Weber lost importance, because the transportation costs decreased immensely. Also through the introduction of containers the weight of the cargo doesn't matter as much as it used to only size still matters.

= 1st!

It is still important in most raw material extractions. Gold for example is present in a very small amount in a rock, which means it needs to be processed close to the extraction site in order to keep transportation costs low.

4. Name two advantages and two disadvantages of a barter exchange compared to a regular business model. (2p)

A1	It is not profit orientated	so?
A2	Time exchanged for Time ↳ Fair	✓
D1	No profit can be gained	✓
D2	Unfair exchanges and corruption cannot be eliminated	but with money?? ✓

5. Why does the third system gain importance? What on the other hand would be the first and the second system? (2p)

the third system includes cottage/backyard/shadow industries which means that in developing countries this system will gain importance because so many work in this system. ✓ now?

first system: normal companies which employ people. ✓

second system: state-employed workers  
↳ public school teachers ✓  
↳ officers, administration. ✓

6. Donald Trump wants to raise import tariffs for foreign products. Explain why he wants to do this and find two disadvantages of this method. (2p)

He wants to support the US industry. Through this method US products are more profitable to buy because they appear to be cheaper compared to foreign products with the import tariffs. now?

⊖ - Foreign companies are no longer available to import into the US profitably.  
↳ weakens economy. ✓

- It raises global tensions between the US and foreign countries  
↳ US companies no longer available to buy international goods at a reasonable price ✓

10. Why are soft location factors more important for a biotech industry than for a cloth production factory? Argue. (2p)

A biotech company requires skilled and well educated workers. These skilled workers don't appear in big numbers which means that the location at which these workers will be employed need to be at a good soft location rating → culture, shopping, image ...

In a cloth production factory ~~the~~ soft location factors don't really matter because there are many workers available which would do the job

What is the origin of the ground subsidence in the Ruhr region? What are the consequences of it?

(1p) Ground subsidence originated by removing <sup>out of</sup> "bad" surface material which leads to lowering of the surrounding ground. Or by underdigging the surface.

Consequences are: moving houses → social problems  
↓ Festigung des Bodens → Kosten hoch.

Bonus question: Why did the Swiss authorities not arrest Mark Rich after his tax fraud in the USA?

(1p) He only "hinterzog" ~~the~~ Taxes. In Switzerland this is only a mild crime meaning he only needed to pay a certain amount of money without going to jail, like it would have been in the USA

Bonus Points from your homework \_\_\_\_\_