The economy can be divided into three broad sectors or types of industry: primary, secondary, and tertiary. Each sector represents a different type of production. This essay describes the three types of industry and explains some of the factors that determine their location, both in the United States and overseas.

Primary: Agricultural and Extractive Industries

Primary industries are involved in the production or extraction of raw materials or commodities. The main primary industries are farming, fishing, forestry, and mining and quarrying. All these industries turn natural resources into basic goods, or primary products. For example, farmers grow wheat, which can then be used to produce many other food products. Miners extract minerals from the earth that can be used for other industrial purposes.

Primary industries also include businesses that purify or process raw materials to convert them to a usable form. For example, lumber mills that turn logs into boards are a primary industry. So are cement plants that combine limestone, gypsum, and other minerals to produce cement. Fish-canning plants are also a primary industry, since they take a primary product—fish—and pack it for use as a basic food.

Secondary: Manufacturing Industries

Secondary industries are involved in manufacturing or assembly. They use primary products or manufactured components to produce finished goods. Secondary industries make everything from processed food products, vehicles, and clothing to gasoline and prescription drugs. Building construction is also a secondary industry.

Secondary industries can be divided into two broad categories: light industry and heavy industry. Light industry includes such things as home construction, textile manufacturing, and electronics assembly. Heavy industry includes the manufacture of larger, more expensive goods such as cars, airplanes, and heavy machinery. The steel industry and major construction projects, such as bridges and dams, also fall into the category of heavy industry.

Tertiary: Service Industries

Tertiary industries produce services rather than goods, though providing goods may be part of their service. Retail businesses, such as shops and online stores, are a tertiary industry. So are restaurants and hotels. Although these businesses offer goods to their customers, they do not actually manufacture anything.

Other economic activities that belong to the tertiary sector include transport services, education, banking and finance, legal, insurance, and medical services. The entertainment industry is part of the service sector. So is government, which provides a variety of services at the local, state, and national levels—including police and fire protection, health services, and national defense.

The Distribution of Industry

Various factors help determine the distribution of the different types of industry, both nationally and globally. In general, primary industries tend to be located in rural locations that are rich in natural resources, whereas secondary and tertiary industries are often found in urban areas. The economies of poorer or developing nations tend to rely on primary industries, whereas those of richer or developed nations tend to be based on secondary and tertiary industries. In recent decades, however, many manufacturing and service industries have relocated to the developing world as part of the globalization process.

Primary industries are typically located in areas with good conditions for farming or the extraction of raw materials. In the United States, for example, the agricultural industry is centered in such regions as the Midwest and central California, which have abundant farmland and a good growing climate. Much of the nation’s forestry takes place in the South and West, where trees are plentiful. Mining occurs in regions that are rich in iron, gold, and other minerals. Primary industries are often important in poor nations that have natural resources and a large, unskilled labor force. Traditionally, these countries have lacked the financial and human capital necessary for large-scale manufacturing or services.
Secondary industries are typically located in urban areas, which provide good access to markets and labor. Urban areas also have the infrastructure—power, water, roads and other transport facilities—required to produce and distribute goods. Historically most secondary industries were located in developed nations, which had the capital, technology, and markets to support them. Increasingly, however, manufacturing and assembly plants are moving overseas to take advantage of lower-cost labor.

Tertiary industries also tend to be located in urban areas with a substantial market and a skilled, educated workforce. Large service industries are typically a feature of richer, developed nations rather than poorer, developing countries. Globalization has shifted this balance somewhat, however, as many multinational companies have set up service operations—such as financial and computer services—in the developing world. India is one notable example of a developing country that has attracted many multinational service companies, due to its highly educated workforce and relatively low wage rates.

1. Create an organized outline of the three types of industry and their characteristics. For each type of industry, provide a definition and give some examples of industries that belong to that sector.

2. Explain some of the factors that help determine how the three types of industry are distributed. Why are secondary and tertiary industries more common in richer countries than in poorer ones?