An Actor-Centered Approach to Regional Economic Change

Ann Markusen
Professor and Director
Project on Regional and Industrial Economics
Humphrey Institute of Public Affairs
University of Minnesota
310 S. 19th Avenue, Rm 231.
Minneapolis, MN 55455
USA

amarkusen@hhh.umn.edu
612-625-8092 W
612-625-6351 Fax

May 2003

Forthcoming in *Annals of the Association of Japanese Geographers,* December, 2003, in English, and in Clelio Camplina Diniz, ed. *Economy and Space: International Perspectives,* Belo Horizonte: Universidade de Minas Gerais, in Portuguese. Presented at the Japan Society for Economic Geographers, Anniversary Conference, Tokyo, Japan, May 31, 2003. My thanks to Greg Schrock and Michael Leary for research assistance and comments, and to the Department of Geography, University of Minnesota; the Geographies of Global Change Conference at Clark University; and the International Seminar on Economy and Space, Faculty of Economics, Federal University of Minas Gerais (FACE/UFMG) Centre for Regional Development and Planning (Cedeplar), Minas Gerais, Brazil, for the opportunity to present this work in seminar. Comments welcome.

Abstract

To comprehend spatial change and counsel policies that might alter or enhance the consequences for societies, economic geographers develop and test causal theories. In much late 20th century scholarship, actors have been displaced by processes – causal roles are ascribed to such undertheorized phenomena as "learning" and "networks." I call for a renewal of emphasis on actors and decisionmaking in economic geography. To illustrate an actor-centered approach, I focus on two types of actors: corporations as private decision-making units of capitalist societies and unions as major agents representing workers vis-à-vis their employers and governments. For each, I show how, within the evolved physical landscapes and structures of society, actor decisionmaking and behaviors replicate and alter economic geographies, drawing upon some examples. In passing, I suggest how the new work on networks in economic geography could be strengthened by placing network actors more centrally in the analysis. I then turn to one area of recent interest – the city region – and show how an actor-centered economic geography would dramatically improve both the quality of intellectual work done in this area and its real world impact. With this example, I show the payoffs for geographers should we be willing to integrate some of the very best work from other fields and from practice into our theorizing.

Key words: actor, corporation, union, city region

In studying economic regions, we are most interested in the ways they are changing. Perhaps this is because we live in a time of relatively rapid alterations. Rural settlements become ghost towns, new cities mushroom into megalopoli. People migrate in huge numbers from one locale to another. Environments deteriorate irreversibly. New technologies revolutionize resource use and human communication. If change were not pervasive, perhaps we would be developing a regional economics of stasis in which we would ask very different questions.

Regional economists and economic geographers don't seek merely to describe these changes. We try to build theories that will explain them. In particular, we are interested in the why. What actions and forces are responsible for the changes in question? Causality is the central motif of good theory. Causality is particularly important if one is concerned with trying to intervene in the process and redirect economic geographic development towards some particular goal or in lines with a set of norms.

In this paper, I reflect on the recent performance of regional economics, regional science and economic geography as sources of insight into theories of regional change and prescription for action. I find most of the literature from the late 1980s through the present distressingly abstract and actorless. Scholarly energy is spent on "conceptualizing," in a way that is mostly descriptive. In causal narratives, actors have been displaced by processes, such as agglomeration. Instead of actors shaping economic

geography, causal roles are ascribed to undertheorized phenomena such as "learning" and "networks."

I call for a renewal of emphasis on actors and decisionmaking in economic geography. I define actors as institutions that function as decisionmakers, entrepreneurs who decide to start up firms in particular locales and workers (and households) who make migration decisions. In the paper, I focus on two distinct institutional actors: corporations as the chief private decision-making units of capitalist societies and unions as agents representing workers vis-à-vis their employers and governments. Other actors are also important – non-profits, cooperatives, community groups, professional associations, religious organizations, individuals and above all, the State – but are not explored in depth here. For each set of actors reviewed, I show how, within the evolved physical landscapes and structures of society, actor decisionmaking and behaviors replicate and alter regional economies, drawing upon some examples.

I then turn to one area of recent interest – the city region – and show how an actor-centered approach would improve both the quality of intellectual work done in this area and its real world impact. With this example, I show the potential payoffs for regional economists should we be willing to integrate some of the very best work from other fields and from practice into our theorizing.

In calling for a restoration of the significance of actors and behavior to regional economic thought, I am not suggesting the abandonment of context. The political economy tradition has always insisted on the importance of both behavior and context. My complaint is that the former has been suppressed in both recent economic geography and in regional economics, at considerable cost in explanatory power. Storper, too, focussing on radical economic geography, takes recent intellectual work to task for its abandonment of micro-economic behavior (Storper 2001).

The Disappearance of Actors from Economic Geography

It is not my purpose here to repeat points I have made elsewhere about fuzzy concepts and policy distance (Markusen, 1999a; Markusen 2002) nor to pursue the heated debate about the heart of economic geography since then (e.g. Amin and Thrift, 2000; Martin and Sunley, 2001; Storper, 2001). I want to focus rather on the move away from actors in contemporary regional economics and economic geography to probe why recent developments of enormous regional import such as devolution and transnational corporate mergers receive such short shrift, while fashionable and under-theorized concepts like clusters and city regions receive attention far beyond their real world significance.

I have not reviewed the entire body of economic geographic literature to trace the turning away from actors over the past two decades in that field but Dick Walker's "A Requiem for Corporate Geography" (1989) typifies this trend by boldly making the case against

the importance of corporations as actors in regional economies. The Walker article tackles a body of literature in economic geography probing corporate organization and its hypothesized influence on evolving economic geography. Many of the points that Walker makes on the inadequacy of these theories are well-taken, although he relies heavily upon sketchy empirical evidence in dismissing them. In some cases, his own evidential claims turn out to be quite wrong:

> In the 1980s, large corporations have been raided, dismantled and stripped down. These facts strike hard against the long-prevailing views of a modern industrial world inevitably dominated by large firms (p. 45).

But the key point in Walker's account is the following:

> They (corporate geographers) introduce the large firm as an exogenous player that alters the rules of the industrial economy rather than as one that arises and acts according to those rules (p. 50-1).

Here, he is asserting that corporations act according to some set of rules, rules whose rulemakers he does not specify. But the rules that govern economic and social life are man-made, not given by some inexorable capitalist logic. Yes, they are fashioned in the context of historically evolved cultures, institutions and moments of economic crisis, but nevertheless, they are formulated by human beings in organizational contexts where creativity, courage and cowardice, struggle, malice and mistakes abound.

Walker describes firms lifelessly, as mere units and categories:

> The firm is the principal unit of property ownership… Firms are also the main category of employer (p.55)

In the rest of the article, Walker portrays a dynamic in which concepts, non-human entities and processes, rather than firms, are the principal actors:

> Within territories, buildings, machinery, workers and other materials things are literally affixed to the earth in some coherent spatial order…(55)
>
> The city has grown and shed several skins in its built-form …(56)

I agree with Walker that there is a danger in trying to explain too much in terms of industrial organization. However, Walker dismisses industrial organization altogether, denying the significance of firm decisions and those of firms in industry groups or as entire fractions of capital, working through concrete organizations. In criticizing corporate geographers for conceptualizing corporations as exogenous players, he rejects firms as players at all. He is contemptuous of the significance of struggles and actions central to the current forces operating on economic geography:

> It would be naïve, however, to fall into old traps about which faction of capital "really" rules, as in the tiresome debate whether bankers or industrialists hold the real power…or whether stockholders or managers actually control the corporation…(p. 62).

The few active verbs in Walker's writing betray a substitution of concepts as actors for real actors: the circulation of capital arbitrates, capital weaves, the city sheds. As in much of the economic geographic writing of the past decade, the passive voice is used to portray dynamics without actors. "Buildings and workers are affixed to the earth" without any developers constructing them, and with no corporate hiring.

The removal of actors from the analysis leaves us with a geography of categorization, where concepts like networks and technology become causal forces, disembodied from agency. Both the Walker piece and Michael Storper's *Regional World* (1997) accord technology an endogenous causal role in economic geography. This is essentialist in the same way that urban geographers depicted urban change as a function, sequentially, of the streetcar and then the auto and truck. But technology is not a disembodied force. It is the product of concerted acts by corporations, governments and individuals, and the choices each make in shaping technology are a very important part of the story. In the latter half of the 20th century, Cold War protagonists created the technologies – from semiconductors to computers to guidance systems to communications satellites – that set the pace and shape for producer goods innovations for decades (Markusen and Yudken, 1992, Ch. 5) and thus for new regional agglomerations.

The Disappearance of Actors from Regional Economics

Among economists newly working on regional economies – the misnomered "new economic geography" (Isserman, 1996; Martin, 1999) - there is similarly an absence of emphasis on micro-economic behavior of firms and on industrial organization as regional economy shapers (e.g. Krugman and Venables, 1996; Fujita, Krugman and Mori, 1999). In these narrow and formalized restatements of agglomeration theory, the focus shifts away from location and migration theories, which model how firms make decisions about where to locate and how workers decide where to live, toward actorless processes in

which cities become actors. Take the following statements from the Fujita, Krugman and Mori paper:

> "…cities have been enhancing their importance as basic units of international economic systems" (p. 210)

> "…they certainly have nothing to say about where cities themselves are located…"(p. 211)

> "…each city will generate its own 'lock-in' effect in the location of space" (p. 212)

But cities, especially in the metropolitan sense implicit here, are not actors in any sense of the word.

In its most emphatic form, this approach claims that the spatial economy self-organizes:

> "Given that no agent, in practice, had fully controlled the development process of spatial organization of the entire U.S., this example provides a clear case for the self-organization of a spatial economy towards a complex system" (Fujita et al, 1999: 217)

This statement follows an under-researched and primitive account (in one paragraph) of the evolution of the US urban system between 1830 and 1870 which, besides failing to cite a slew of impressive accounts of this period by historians, economists and geographers, misses completely the significance of a number of central government policies that are responsible for the large number of medium sized midwestern cities and the relative absence of urbanization in the south. These policies include the homestead acts with their implications for land tenure and the size of local markets and land grants to railroads with their east/west trade-generating impacts (in comparison to the internal

trade-suppressing use of infrastructure moneys to build canals extending rivers inland in the South. These are just two examples. A more complex account of the evolution of American cities in this era can be developed from the identification of important interest groups, including finance and industrial capital, southern slaveholders, small scale farmers, urban labor, and immigrants and an analysis of their locational choices and political behavior in mobilizing the nation state in their interests (Markusen, 1987, Ch. 3, 4).

As with the passive voice of geographers' accounts that I critique elsewhere (Markusen, 1999a), these economists abstract to mechanistic processes in which actors have evaporated:

> …the agglomeration force is generated through product variety in manufactured consumption goods, while the expansion of the agricultural hinterland induces the dispersion of the location of manufacturing production (Fujita et al, 1999: 210)

Many of the recent debates about regional development in Latin America, too, have taken up the language of processes and abandoned a more sophisticated historical and political economic framing. Take, for instance, the debate on polarization and reverse polarization in Brazil (Azzoni, 1986; Richardson, 1980; Storper, 1991; Townroe and Keen, 1984). The American and European accounts abstract almost entirely from the significant role of the state as an actor. However, historical accounts of Brazilian regional development (Baer, 1978; Cano, 1985) emphasize the state's industrial and regional policies, as does Diniz (1994) in his account of the containment of Brazilian reverse polarization within the polygon formed by the major metropolitan areas of Sao Paulo, Rio de Janeiro and

Belo Horizonte and in his account with Borges Santos (Dinniz and Santos, 1999) on the emergence and deformation of Manaus as an industrial pole.

The retreat from the presence of actors and their calculus in the analysis deprives current readers of the power of insights from earlier economists working on agglomeration. Consider, for instance, the extraordinary work done by Gunnar Myrdal (1957) in theorizing why market mechanisms allocating labor and capital among regions did not lead to equilibration. Myrdal, in a process he called cumulative causation, hypothesized that skilled workers gravitate faster towards higher-wage urban agglomerations than capital gravitates toward lower-wage hinterlands, worsening the gap between rural and urban areas. Myrdal, in other words, demonstrated that pace matters, a subtlety that neo-liberal trade economists have completely missed in their free trade prescriptions. Kaldor (1970) used the same argument as the basis for his call for regional policy in Britain.

Consider, too, the pioneering work done by Ben Chinitz (1960) in theorizing the role of oligopolistic industries as monopsonists in their local labor, land and capital markets. Comparing the steel industry's domination of factor markets in Pittsburgh with the more diversified New York economy, Chinitz hypothesizes that the former will have a stultifying effect on the growth of unrelated industries in Pittsburgh, thus explaining why New York was, mid-century, a much larger urban area than its western competitor. The role of oligopoly in agglomerations is explored in greater depth and applied to the evolution and success of other American cities in Markusen (1985).

The Corporation as Geographic Actor

In my own view, and in the political economy school more generally, the corporation constitutes one of the most important economic actors in capitalist development. Corporations are legal entities with obligations to owners who exercise control but enjoy limited liability. Corporate behavior is circumscribed by extensive man-made (and therefore changeable) regulations regarding property rights, fiduciary responsibilities, consumer product safety, treatment of workers, and environmental impacts, but corporations possess significant powers to hire and fire, relocate, innovative, and liquidate.

Corporations own the largest chunk of industrial, service, financial and real estate assets in the world. In addition to selling their products and services, they hire workers, borrow money, buy materials and equipment. Corporations tend to specialize in different product lines, forming groups of corporations known as sectors or industries or "fractions of capital." These groups may have antagonistic relationships with each other, as competitors or as buyers and sellers in markets. Financial firms, for instance (banks, holding companies, brokerage firms), are engaged in buying, selling and holding financial assets, entailing struggles with industrial and service firms (Markusen, 2002). Corporations are themselves ensembles of actors whose individual behaviors and decisions may be of significant interest, as Schoenberger shows in her work on the culture

of the firm (Schoenberger, 1997). Corporations' decisions about buying, selling, deployment of assets, and competitive strategies all play out on a geographic canvas.

If corporations were forced by capitalist or spatial imperatives to operate in deterministic fashion, their behavior would not be of interest to economic geographers. But any student of economic history could point to epoch-making initiatives undertaken by firms that have had extraordinary impacts on economic geography. Schoenberger shows that Lockheed was only able to resolve internal struggles over the direction of its technology priorities by locating a new missiles and space division in Silicon Valley, far from its headquarters and manned aircraft division in Los Angeles. In contrast, Seattle-based Boeing was able to accommodate both its aircraft and missiles/space operations within the same region. All three host regions have been heavily marked by these decisions.

Corporations are hypothesized by neoclassical economists to maximize profits, a discipline forced upon them by the ownership arrangements and the workings of capital markets. Marxists fundamentally agree with this interpretation, although their conceptualization emphasizes the ways in which corporations are driven to accumulate capital at the expense of workers. Various other behaviors have been ascribed to corporations, including sales maximization and satisficing. But within the general profit-maximizing calculus, firms have discretion, within bounds, to pursue alternative paths. Indeed, without this flexibility, there would be no innovation.

Contemporary accounts of corporate strategy find over and over again that corporations, faced with the same circumstances, make divergent decisions that have far-reaching consequences for workers and communities. For instance, faced with profit squeeze in the 1990s, New Jersey pharmaceutical firms variously chose "high roads" and "low roads" in response (Parker and Gray, 2001). Those electing the high road – investments in technology and worker involvement in decisionmaking – were able to pay workers significantly better wages. Parker and Gray found no deterministic relationship between market segment and/or union presence and such choices.

Why is it important to study firm behavior in regional economies? Decisions firms make shape both the interregional distribution of economic activity and the quality and nature of work within regions. A recent example is the contraction and geographic redistribution of defense industrial employment in the US in the 1990s. At the outset of the decade, defense contracting firms faced an abrupt implosion of defense demand, as procurement fell more than 60% in real terms. Most analysts and industry insiders expected firms to work hard to transfer technologies, personnel and facilities from defense to commercial projects in fields such as aerospace, telecommunications, motor vehicles and traffic management systems. On the face of it, these efforts appear to have failed. But what really happened is much more insidious. Wall Street investment banking corporations launched a highly profitable initiative to create "pure play" defense firms by forcing the more diversified firms – Rockwell, TRW, Hughes/GM – to divest themselves of their commercial divisions and merge their military divisions with other military-dedicated

firms (Markusen, 1998). Those firms that resisted these pressures did better both in terms of profit and employment than those that caved in (Oden, 1998).

The spatial outcome was much greater job loss in the firms that acquiesced – displacing the single largest group of US workers in the 1990s – as well as a pronounced shift in the locus of defense-related employment away from major conurbations such as Los Angeles and towards lower cost, non-unionized sites in the South and Intermountain West (Oden, Markusen and Wolf-Powers, 2000). What remains are a smaller set of more intensively monopolized but more vulnerable defense-dependent firms whose influence over national security and foreign policy is growing, while the regions that host them are increasingly hostage to the firms' lobbying success and political cycles. Interestingly, the Brazilian experience with Embraer offers an alternative example, where commercialization of a government-owned aircraft industry has enabled San Jose dos Campos to sustain its economy despite an implosion in military demand (Diniz and Razavi, 1999).

In Brazil and other Latin American countries, decisions by both international and domestic corporations have made their marks on regional economies. The Brazilian steel industry, for example, emerged inland, midway between Rio and Sao Paulo and in Minas, after a depression-pressed U. S. Steel Corporation abandoned its plan to build a plant for the Vargas government, hoping instead to supply Brazil steel from its excess capacity American plants during the depression (Baer, 1969). President Vargas' decision in angry response – to create a nationalized steel industry centered on a domestic market – was a

powerful force in the development of contemporary steel regions and in the performance of the industry.

Does understanding corporate behavior offer the potential for intervention? My answer is yes, although armchair critics may consider the successes to be too few and far between. In the 1980s, work by Bluestone and Harrison (1982) and Shapira (1986) in the US, and by Massey and Meegan in the UK (1982), probed the context for and corporate decisionmaking in, the phenomenon of deindustrialization. Much of their work was aimed at helping workers and communities and their organizations develop strategies for countering the threat of closure (Markusen, 2000). Out of this analytical work came significant initiatives such as early warning systems, plant closing legislation that slows and regulates shutdowns, and better worker displacement programs.

Subsequently, scholarship on corporate strategizing under conditions of profit squeeze, especially Harrison's work on the continuing significance of large firms (1994), enabled the crafting of new "high road" strategies for convincing employers to work with unions and communities to improve worker training and economic development programs in ways that would stabilize regional employment (Parker and Rogers, 1999). The work that Parker and Rogers are doing in the Wisconsin Regional Training Partnership is making a dramatic difference in Milwaukee and creating a prototype for the "high road" path that others are emulating elsewhere.

Similarly, the work that Oden and Markusen did around military corporate mergers helped to mobilize union and community opposition to, and intellectual capital for, the ultimate defeat of the last mega-merger, which would have joined Lockheed-Martin with Northrop-Grumman (Markusen, 1997; Oden, 1998). To date, transnational mergers have also been held in check by the critics (Markusen, 1999b). As a result, defense firms have been forced to increase their civilian activities.

It is time to re-emphasize corporate decisionmaking within the context of the conditions under which it takes place, industry by industry, market type by market type, in critical economic geography. Methods for studying corporate behavior have been documented in the literature (Schoenberger, 1991; Healey and Rawlinson, 1993; Markusen, 1994). We need a richer set of theories about firm behavior and choices in the contemporary world and how these shape evolving regional economies. The literature on management and finance, for instance, offers considerable insight along these lines. Business school theories about firm behavior are significantly more sophisticated than those embraced in neoclassical economics. Similarly, the fascinating and nuanced body of work in sociology on organization theory offers yet other vistas on firm decisionmaking and outcomes.

The Union as Shaper of Economic Geography

Workers, too, have their organizations and representatives on the landscape of capitalism. In some countries, including Brazil, labor parties complement industrial or craft unions as

actors on behalf of labor, but not in the US. The behavior of unions is rooted, as Gordon Clark demonstrates brilliantly (Clark, 1989), in their structure as democratically-constituted organizations, where union leaders are responsible to the members who elect them – one worker, one vote – on a craft or industrial *and* territorial ("local") basis. Unions' roles differ dramatically from those of the corporation, which is differentially responsible to owners based on the size of their share holdings regardless of their territorial location.

Unions operate within a highly regulated industrial relations legal system, in whose evolution they (as well as corporations) have had a significant shaping role. At present in the US, unions have powerful tools which they may elect to employ, including the right to strike in most sectors, the right to organize the unorganized, the right to bargain over wages and working conditions, including the introduction of technology, and the right to grievance and judicial review on a wide range of matters. Geoghegan (1991) argues that American labor leaders made the wrong choices in the postwar period by relying too heavily on contestation within the legal system rather than shop floor action and organizing. Since the mid 1990s, union strategies have changed in the US, although they have not succeeded in reversing the downward trend in representation.

Unions have multiple goals that render leadership difficult. They try to maximize wages and benefits and protect jobs of current workers, protect retirement benefits of their former members, organize new workers, fight for legal protections for workers, and extend

social security, health and welfare benefits to all workers. Over the decades, they have evolved decision rules that guide their practices which sometimes provoke controversy – seniority, for instance, as a principle governing promotions and layoffs. Clark shows the tensions created by unions' efforts to achieve certain goals nationally (resistance to concessions, for instance) while locals struggle to keep plants anchored locally. Conflict may also erupt when a national union desires to honor seniority in transferring workers from one shuttered plant to another elsewhere in the same corporation, displacing members of an existing local.

Union strategies and behavior can have a powerful influence on the regional distribution of economic activity. The bargain made by John L. Lewis with coal mine owners in the 1930s to permit mine mechanization in return for acceptance of union representation dramatically altered the course of the American coal mining industry, ensuring long term mining operations in West Virginia but creating a large army of unemployed miners and devastating mining communities in what came to be known as the Appalachian problem (Simon, 1980).

In the 1990s, unions responded to American plant closing and deindustrialization experiences with new strategies to improve the productivity of older industrial plants and to organize unorganized workers in the tough, right-to-work states of the South and West. Both initiatives helped to stabilize employment in older industrial cities of the Northeast and Midwest. More recently, in response to the tremendous growth of the low-wage

service sector, unions have experimented with new kinds of community-labor coalitions in place-based campaigns for living wages and sectoral organizing such as Justice for Janitors. In strikes as diverse as a State-owned veteran's home in Illinois, where health aides worked for minimum wages for an absentee corporation, to a recent city-wide nurse's strike in Minneapolis/St. Paul, unions have successfully fought for the support of communities arguing that better working conditions are synonymous with better care for patients. In the past few years, a number of younger planning scholars are writing about unions' initiatives to act as labor market intermediaries in ways that produce superior outcomes for workers compared with those associated with temporary work agencies, community colleges and other intermediaries (Benner, 2000; Benner et al, 2001: Wolf-Powers, 2001).

These are examples. I am not attempting here to construct an adequate theory of union decisionmaking and outcomes. The complexity of these examples illustrates the need for sophisticated behavioral theorizing about union activity in the context of capitalist dynamics and place-based institutions and cultures. The Clark book, in my view, is far richer as an account of labor and location – of constrained choices – than is the regulationist Peck account (1996), which subsumes unions under a concept of labor and rarely addresses evolving organizational forms, the normative calculus of unions as worker representatives or decisions by individual workers in voting, union activism and aspirations to leadership. I believe work along these lines would be fruitful for Brazil and other Latin American countries as well.

An Example: The City Region

Let's explore the actor-centered critique in a different fashion, taking up a major contemporary issue. In the past five years, a number of books have been written hailing the metropolitan region as the new global economic unit. Whether the authors are business economists (Barnes and Ledebur, 1998) or critical geographers such as Scott (1998) and Storper (1997), their conceptualizations are remarkably similar. All champion an entity that they variously call the city state or metropolitan region as the appropriate geographical unit for thinking about economic development in a global world.

I disagree with the reasoning behind these characterizations. All three accounts assert the declining significance of the nation state and a heightening of the process of agglomeration – the "resurgence of regionalism." Within the vigorous debate about the role of the nation state at present, my own view is that in a rapidly integrating world economy, the nation state is even more important than before as rule maker, negotiator, arbitrator and constructor of tentative new global regulatory institutions like the World Trade Organization.

Second, none of the accounts offer any convincing evidence that regions are resurging – that is, that some process of differentiated agglomeration was halted and is now resuming. I reject this characterization on a close reading of American regional history. Regional

particularity and self-consciousness did abate in the 1950s in the US, but beginning in the 1970s, dramatic regional differentials and conflict emerged (see Markusen, 1987, Ch. 7-9).

A third implicit contention embedded in this work – that the affinities of actors within regions are stronger now than they were previously – I also reject on the grounds that individuals and organizations are, via the Internet and new communications technologies and rampant mergers, palpably more connected now to co-workers, customers, suppliers and competitors elsewhere than they were even a decade ago. Relatively speaking, their local ties are weaker. These are empirical questions, and I welcome debate on them.

But most of all, I object to the actorless nature of these accounts, all of which exhort lock-step initiatives by regions without specifying just who the leaders and/or organizational actors leading such charges might be. In fact, the problem of fragmented local governments and intra-metropolitan tensions is a well-known, perennial and fairly intractable feature of the American landscape. It is hard to see how the current actors – diverse mayor/city council systems, weak counties, rural/urban split state governments – can confront inherited constraints – unevenly sized local government units, significant class, racial and land use disparities, and a centrifugal dynamic difficult to arrest. This is especially so if control over local economies is eroded as a larger and larger share of regional product is traded and if fewer and fewer business organizations are headquartered locally. Just who is supposed to lead the metropolitan region, and, in the absence of any

real “state,” how will they overcome deep existing divisions? These challenges are relevant to Brazil as well, with its federalized state and ongoing devolutionary process.

It is hard to understand why Scott, Storper, and Barnes and Ledeber do not avail themselves of the rich and creative written work of non-academics like Myron Orfield (1997) who are pioneering new metropolitan organizing initiatives around a sophisticated understanding of the decision calculus of local political actors. Orfield, working from his frustrations as a state legislator, began in the early 1990s to search for lines of mutual interest and action between disparate local governments in the Twin Cities metropolitan area. In struggles over housing, environment, tax structure and land use, he began to see commonalities of interest between central cities and inner ring suburbs on tax and housing issues, and somewhat weaker commonalities of interest between central cities and outer ring suburbs on environmental issues. He began organizing along these lines and, in the process, has produced some of the most powerful documentation of socio-economic conditions within and between metro areas in the US.

Orfield’s prescriptions, in contrast to those of the economists and geographers cited here, are concrete and fundamentally actor-centered. He understands the potential for region-wide organizations which must, ultimately, be democratically responsive and wield tax and regulatory powers. His analysis and strategy encompass not just local government officials but interest groups within the metro and the state – business, labor, community and environmental groups such as One Thousand Friends of Minnesota and the Citizen’s

League, both of whom have played significant roles in pushing the regional organizing agenda forward. Contrast this with "Global Chicago," inspired by the "new regionalism" work. Global Chicago is a new business-dominated organization that purports to speak for all of the Chicago metropolitan area and which attempts to teach Chicago residents that they are global, not Chicago, citizens. Global Chicago completely skirts the significant economic and environmental disparities within the region; indeed, it deliberately diverts attention from the tough political issues that would have to be tackled to build effective regional unity.

The "new regionalism" work would be innocuous if it were not for the role it unwittingly plays in legitimizing devolution. Under the attractive idea of "local control," devolution in practice is an insidious new prescription adopted by the more conservative national governments and international organizations like the World Bank and IMF for downloading responsibilities for spatial inequalities onto lower levels of government, especially in developing countries, without the resources or technical expertise to match them. Pioneered in the US, Presidents Nixon and Reagan ingeniously used devolution as a way of undercutting inner city and depressed region programs of prior Democratic administrations, as in replacing Great Society programs with general revenue-sharing. In Spain, devolution was associated both with progressive opposition to the Franco regime and with a revolt of the richer regions, and in practice it has meant the enrichment of the richer regions at the expense of poorer ones. In a country like Nicaragua, the central government's decision to embrace devolution has abandoned health and education

programs to the local level where the resources and expertise to deliver the services are simply non-existent in many poorer areas (Llanes, 1998). In Brazil, as Diniz (1994) has shown, devolution permits rich states like Sao Paulo to invest in excellent infrastructure and educational and research institutions whose regional benefits are thus contained within the state rather than redistributed through the country.

Conclusion

I have made the case for a return to a more institutionally-nuanced, actor-centered economic geography. The contributions of the "process" schools in geography and economics are strong on context, and these can be incorporated into a political economy approach which investigates the decision-making of actors in context. The inclusion of actors and their behavior under constraint is essential if economic geographers and regional economists wish to do more than describe the regional world.

This call will probably not be attractive to those scholars who think our role is simply to describe and explain but not to change regional economic patterns. But such a posture denies the potential for intellectuals and scholars to alter the debate and thus contribute to real change. If as regional economists and economic geographers we see ourselves as actors, too, we are more likely to be engaged in trying to understand the behavior and actions of the major players and to communicate with them and with their opponents, rather than just talking to one another. In addition, a more committed and activist

scholarship will better prepare our students for professional careers in regional economics and for teaching the next generation of professionals.

Does an emerging international oligopoly – not just corporations with global reach but oligopolies with global reach – make a difference to the lives of workers and farmers in far-flung regions around the world? Do the rules governing the global trade and financial systems currently being worked out by some actors (including corporations, states, and non-governmental organizations) and not others, matter to the emerging spatial unevenness of development? Does it matter if trade unions choose to spend their resources and energies organizing the unorganized globally, pushing legislatively for social welfare policies to benefit all working citizens, blocking immigration and/or pressing for amnesty for undocumented workers? Do the shape and pace of devolutionary policies being implemented by governments and demanded by the World Bank and IMF have implications for regional economies? If the answers are yes, as I believe them to be, then economic geographers have an important role to play in interpreting the behavior of actors in these processes and counseling progressive forces devoted to peace, environmental protection, the elimination of poverty, community stability, and an end to racism and sexism. I look forward to an engaged discussion with you on these questions.

References

Amin, Ash and Nigal Thrift. 2000. "What Kind of Economic Theory for What Kind of Economic Geography?" *Antipode,* Vol. 32, No. 1: 4-9.

Azzoni, Carlos Robert. 1986. *Industria e Reversao da Polarizacao no Brasil*. Sao Paulo: IPE-USP.

Baer, Werner et al. 1978. *Dimensoes do Desenvolvimento Brasileiro*. Rio de Janeiro: Campus.

Baer, Werner. 1969. *The Development of the Brazilian Steel Industry.* Nashville, TN: Vanderbilt University Press.

Barnes, William and Larry Ledebur. 1998. *The New Regional Economies: The U.S. Common Market and the Global Economy.* Thousand Oaks: Sage.

Benner, Chris. 2000. *Navigating Flexibility: Labor Markets and Intermediaries in Silicon Valley*. Ph.D. Dissertation, Department of City and Regional Planning, University of California, Berkeley.

Benner, Chris, Bob Brownstein, Laura Dresser and Laura Leete. 2001. Staircases and Treadmills: The Role of Labor Market Intermediaries in Placing Workers and Fostering Upward Mobility. Paper Presented at the Industrial Relations Research Association Annual meeting, New Orleans, LA, January 4-8.

Bluestone, Barry, and Bennett Harrison. 1982. *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry.* New York: Basic Books.

Cano, Wilson. 1985. *Disequilibrios Regionais e Concentracao Industrial no Brasil.* Sao Paulo: Global.

Chinitz, Benjamin. 1960. "Contrasts in Agglomeration: New York and Pittsburgh." *American Economic Association, Papers and Proceedings,* Vol. 40: 279-89.

Clark, Gordon. 1989. *Unions and Communities under Siege.* Cambridge: Cambridge University Press.

Diniz, Clelio Campolina and Mohamad Razavi. 1999. "San Jose dos Campos and Campinas: State-Anchored Dynamos." In Ann Markusen, Sean DiGiovanna, and Yong Sook Lee, eds., *Second Tier Cities: Rapid Growth Outside the Metropole in Brazil, Korea, Japan and the US*. Minneapolis: University of Minnesota Press: 97-124.

Diniz, Clelio Campolina, and Fabiana Borges Santos. 1999. “Manaus: Vulnerability in a Satellite Platform.” In Ann Markusen, Sean DiGiovanna, and Yong Sook Lee, eds., *Second Tier Cities: Rapid Growth Outside the Metropole in Brazil, Korea, Japan and the US*. Minneapolis: University of Minnesota Press: 125-46.

Diniz, Clelio Campolina. 1994. “Polygonized Development in Brazil: Neither Decentralization nor Continued Polarization” *International Journal Urban and Regional Research*, Vol. 18: 293-314.

Fujita, Masahusa, Paul Krugman and Tomoya Mori. 1999. “On the Evolution of Hierarchical Urban Systems.” *European Economic Review,* Vol. 43: 209-251.

Geoghegan, Thomas. 1991. *Which Side Are You On?* New York: Farrar, Straus and Giroux.

Harrison, Bennett. 1994. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*. New York: Basic Books.

Healey, Michael and Michael Rawlinson. 1993. "Interviewing Business Owners and Managers: a Review of Methods and Techniques." *Geoforum,* Vol. 24, No. 3: 339-355.

Isserman, Andrew. 1996. “It’s Obvious, It’s Wrong and Anyway, They Said it Years Ago? Paul Krugman on Large Cities.” *International Regional Science Review,* Vol. 19, Nos.1-2: 37-48.

Kaldor, Nicholas. 1970. "The Case for Regional Policies." Scottish Journal of Political Economy 17: 337-48.

Krugman, Paul and Anthony Venables. 1996. “Integration, Specialization and Adjustment.” *European Economic Review,* Vol. 4o: 959-967.

Llanes, Marlen. 1998. *Contrasts in Decentralization: Causes and Consequences of Success and Failure in Chile and Nicaragua.* Doctoral Dissertation, Rutgers University.

Markusen, Ann and Joel Yudken. 1992. *Dismantling the Cold War Economy.* New York: Basic Books.

Markusen, Ann. 1985. *Profit Cycles, Oligopoly, and Regional Development.* Boston: M.I.T. Press.

Markusen, Ann. 1987. *Regions: The Economic and Politics of Territory.* Totowa: Rowman and Allenheld.

Markusen, Ann. 1994. "Studying Regions by Studying Firms." *The Professional Geographer.* Vol. 46, No. 4: 477-490.

Markusen, Ann. 1997. "The Foolish, and Costly, Defense Merger Mania." *The International Herald Tribune.* January 11.

Markusen, Ann. 1998. "The Post Cold War Persistence of Defense Specialized Firms," in Gerald Susman, ed., *The Defense Industry in the Post-Cold War Era: Corporate Strategies and Public Policy Perspectives.* Oxford: Elsevier Science.

Markusen, Ann. 1999a. "Fuzzy Concepts, Scanty Evidence, Policy Distance: The Case for Rigor and Policy Relevance in Critical Regional Studies." *Regional Studies,* Vol. 33, No. 9: 869-884.

Markusen, Ann. 1999b. "The Rise of World Weapons." *Foreign Policy,* No. 114: 40-51.

Markusen, Ann. 2000. "The Activist Intellectual." *Antipode,* Vol. 33, No. 1: 39-48.

Markusen, Ann. 2002. "Financial versus Industrial Firms in Industrial and Regional Restructuring." H. Peter Gray, ed. *Extending the Eclectic Paradigm in International Business: Essays in Honor of John Dunning,* London: Edward Elgar, forthcoming.

Markusen, Ann. 2003. "On Conceptualization, Evidence, and Impact: A Response to Hudson, Lagendijk and Peck." *Regional Studies,* forthcoming.

Martin, Ron. 1999. "The 'New Economic Geography': Challenge or Irrelevance?" *Transactions of the Institute of British Geographers,* Vol. 24, No. 4: 387-392.

Martin, Ron and Peter Sunley. 2001. "Rethinking the "Economic" in Economic Geography: Broadening our Vision or Losing our Focus?" *Antipode,* Vol. 33, No. 3: 148-161.

Massey D. and Meegan R. 1982. *The Anatomy of Job Loss: The How, Why and Where of Employment Decline.* Methuen, London.

Myrdal, Gunnar. 1957. *Economic Theory and Underdeveloped Regions.* London: Duckworth.

Oden, Michael. 1998. "Defense Mega-Mergers and Alternative Strategies: The Hidden Costs of Post-Cold War Defense Restructuring." In Gerald Susman, ed., *The Defense Industry in the Post-Cold War Era: Corporate Strategies and Public Policy Perspectives,* Oxford: Elsevier Science: 147-152.

Oden, Michael, Ann Markusen and Laura Wolf-Powers. 2000. "Post-Cold War Conversion: Gains, Losses and Hidden Changes in the US Economy." In Ann

Markusen and Sean Costigan, eds. *The Post-Cold War Peace Dividend.* New York: Columbia International Affairs On-line.

Orfield, Myron. 1997. *Metropolitics : a Regional Agenda for Community and Stability.* Cambridge Mass. : Lincoln Institute of Land Policy.

Parker, Eric and Mia Gray. 2001. "Prescribing the High Road: A Comparative Case Study of the Pharmaceutical Industry." *Industrial and Labor Relations Review,* forthcoming.

Parker, Eric and Joel Rogers. 1999. "Sectoral Training Initiatives in the U.S.: Building Blocks of a New Workforce Preparation System?" In Pepper D. Culpepper and David Finegold, eds., *The German System of Skill Provision in Comparative Perspective.* Oxford, UK: Berghahn Books.

Peck, Jamie. 1996. *Work Place: The Social Regulation of Labor Markets.* New York: Guilford.

Richardson, H.W. 1980. "Polarization Reversal in Developing Countries." *Papers of the Regional Science Association* Vol. 45: 67-85.

Schoenberger, Erica. 1991. "The Corporate Interview as a Research Method in Economic Geography." *Professional Geographer*, Vol. 44: 180-189.

Schoenberger, Erica. 1997. *The Cultural Crisis of the Firm.* Cambridge: Blackwell.

Scott, Allen. 1998. *Regions and the World Economy: The Coming Shape of Global Production, Competition and Political Order.* Oxford: Oxford University Press.

Shapira, Philip. 1986. *Industry and Jobs in Transition: A Study of Industrial Restructuring and Worker Displacement in California.* Unpublished doctoral dissertation, University of California, Berkeley.

Simon, Richard. 1980. "The Labor Process and Uneven Regional Development: The Appalachian Coalfield." *International Journal of Urban and Regional Research,* Vol. 4, No. 1: 46-71.

Storper, Michael. 1991. *Industrialization , Economic Development and the Regional Question in the Third World: From Import Substitution to Flexible Production.* London: Pion.

Storper, Michael. 1997. *The Regional World: Territorial Development in a Global Economy.* New York: Guilford.

Storper, Michael. 2001. “The Poverty of Radical Theory Today: From the False Promises of Marxism to the Mirage of the Cultural Turn.” *International journal of Urban and Regional Research,* March, forthcoming.

Townroe, P. and D. Keen. 1984. "Polarization Reversal in the State of Sao Paulo, Brazil." *Regional Studies*: Vol. 18, No. 1: 45-54.

Walker, Richard. 1989. “A Requiem for Corporate Geography: New Directions in Industrial Organization, the Production of Place and Uneven Development.” *Geografiska Annaler,* Vol. 71B, No. 1: 43-68.

Wolf-Powers, Laura. 2001. “Union-sponsored Intermediaries in U.S. Labor Markets: Origins and Prospects in an Age of Restructuring.” Presented at the 19th Annual International Labour Process Conference, Royal Holloway University of London, Egham Surrey, March 26-28.