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Towards a Non-Economic, Economic Geography? From Black Boxes to the Cultural Circuit of Capital in Economic Geographies of Firms and Managers

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INTRODUCTION

This chapter attempts to show the ways in which facets of social action that once would have been seen as non-economic and unimportant have, over time, been recognized as significant in understanding the production of economic geographies. In particular, the chapter reflects upon the ways in which the sub-discipline of economic geography has gradually expanded its theoretical and conceptual repertoire. It considers the implications that this expansion has had for our understanding of the ways in which economies evolve, and the ways in which they ebb and flow in accordance with norms and practices that might escape a narrower frame of economic analysis. In order to do this, the chapter considers the ways in which economic geography has attempted to account for the role of powerful actors such as business corporations, as well as the managers and executives that run and embody them. Considerations of powerful business actors in understanding the geographical dynamics of the economy have been highly variable within the history of economic geography; managers and other powerful actors have for the most part been ignored, at times vilified, occasionally been celebrated and, in one example, purposely written out of the story altogether. Indeed, until relatively recently

economic geographers even seemed reluctant to engage in critical discussion or attempt to define what a 'firm' might be. According to Maskell (2001), although the subject of the firm has appeared regularly within the texts and narratives developed within economic geography over many years, the firm 'remained a vague entity without a clearly defined form or function' (p. 329), with the result that for many years the firm remained something of a 'black box' that was left unexamined (Taylor and Asheim, 2001). In part, this was a legacy of the theoretical influences that the sub-discipline imported from neo-classical economics during the 1960s (see Chapter 1), where the firm was seen as device for rationally interpreting and acting upon price signals from the market. But, Maskell argues, it is also due to what he describes as economic geography's tendency to view the world as one made up of groups or populations rather than of individuals or agents; or, as Maskell himself describes it, geographers have demonstrated a preference for a phylogeneric ontology rather than an ontogenetic ontology (Maskell, 2001). This has meant that economic geography has tended to operate with a much better understanding of broader, macro-scale processes of change, relegating the analysis of micro-scale processes – such as the behaviour and performance of firms – to a secondary and merely supplemental interpretative status. This tendency is particularly evident in accounts rooted within Marxism or political economy, for example.

However, over time, as these influences within the sub-discipline have declined, so geographers have gradually been prepared to open up the black box and peer into the workings of firms and organizations, which have been revealed to be quite complex, flexible and often volatile entities, with often very fuzzy boundaries (Dicken and Malmberg, 2001; Maskell, 2001; Taylor and Asheim, 2001). Thus, the ways in which economic geographers have accounted for the role of firms and the people who run them – sometimes seeing them as unimportant and at other times important – has partly been a reflection of the theoretical positions and methodological practices that have been prevalent within the sub-discipline at different times, which have influenced the ways in which geographers have collectively seen the world, and the kinds of processes that produce it (Barnes et al., 2007; Clark, 1998). Recently, in line with a growing cultural turn within the discipline, the agency of firms and the managers that run them has been recognized as significant and informed by a broader system of ideas, knowledge and materials that has helped to formulate conventions and programmes of action and transformation, and that has had wide reaching consequences for the unfolding of economic life.

The remainder of this chapter examines the changing ways in which economic geography has addressed the role of firms and their managers and in understanding economic change over the course of its recent history. It does so in order to draw attention to the ways in which ideas and concepts have changed as economic geographers have responded to the economy's ability to change and mutate, and so escape their interpretative grasp, by shifting their theoretical position. The rest of the chapter is organized in four sections. The next section looks at the initial emergence of attempts to take firms and management seriously through the rise of corporate geography in the 1970s which made significant claims about the geographical presence or absence of managers and the parts of organizations that they inhabited in relation to uneven development. In contradistinction, the third section looks at the emergence of work on geographical industrialization in the 1980s which was informed by Marxism and political economy and which attempted to sound the death knell for such corporate geographies. The fourth section considers the implications of a growing interest in global commodity chains and the cultural turn in economic geography for the study of firms and their managers, and analyses in more detail work on the cultural circuit of capital. The fifth section concludes the chapter.

THE RISE OF CORPORATE GEOGRAPHY

Until the 1970s, economic geographers had a rather impoverished view of the role that firms and corporations played within processes of economic change. This was because of the strong influence that both spatial analysis and regional science exerted over the discipline in the 1950s and 1960s (Scott, 2000, and see Chapter 1). Spatial analysis constituted the leading edge of the quantitative revolution within the discipline as a whole, and drew inspiration from the industrial location models developed by Weber and Lösch and from Christaller's central place theory of settlement, all of which were based on undersocialized accounts of human behaviour that drew strongly on nineteenth century physics (Barnes, 1996) (see, in addition, Chapters 1 and 2). Meanwhile, regional science, which emerged in the 1950s as a hybrid discipline that combined elements of neoclassical economics with a geographical concern for the distribution of activities over space, sought 'to rewrite neoclassical competitive equilibrium theory in terms of spatial co-ordinates so that all demands, supplies and price variables could be expressed as an explicit function of location' (Scott, 2000: 486). The conceptual legacy of spatial analysis and regional science ensured that, under their influence, economic geography tended to under theorize the firm, which was often assumed to be an atomistic single plant entity, that resembled those described by Alfred Marshall in his analysis of industrial agglomerations in late nineteenth century Britain (Walker, 1989; Maskell, 2001). Neo-classical economics gave theoretical support for such a view by seeing the economy as a market made up of a set of contracts – including contracts for labour and assets and resources – within which the firm is just one agent among many, and not necessary a particularly significant agent at that. However, such 'complete contracts' economic theories are elegant but limited, not least because economic exchange is not a costless activity. Indeed, exchange between independent economic actors generates transaction costs (such as legal costs, for example) which, if significant, will encourage firms to extend their boundaries to bring under their control transactions that were formerly contracted with external agents (Maskell, 2001). At the same time, there are limits to the size of firms, as management and organization becomes more problematic the bigger firms become, leading to problems of co-ordination and strategic direction. Therefore, firms tend to exist between the points where transaction costs become significant and where size and complexity leads to information overload (Maskell, 2001: 335).

Indeed, even by the time that Marshall was conducting his studies, large, multi-locational firms had begun to evolve and emerge as a force within the economy, being the organizational form pioneered by railway companies, first in Europe and then in North America. Railway companies necessarily operated across space and their existence, in combination with the rise of the telegraph and later the telephone, effectively reduced the amount of time it took to travel and send information across space, which encouraged other companies to expand their operations beyond a single location and take advantage of new markets and supplies of raw materials and labour (Leyshon, 1995).

By the middle of the twentieth century, the disjuncture between the rather antiquated treatment of the firm within economic geography and the material reality of a burgeoning international economy inhabited by multi-locational and, increasingly, multi-national firms could no longer be sustained, and was eventually rectified by the emergence of a body of research on the geography of corporations, which came into its own during the 1970s, although even here the nature of the firm remained relatively under theorized and taken for granted.

As is often the case, being a relatively open and porous discipline, as geographers turned their attention towards multi-locational corporations, they found inspiration in cognate social

science disciplines. Pioneering business historian Alfred Chandler had charted the rise of the modern corporation in business history and reflected on its spatial implications, ideas that were taken further by heterodox economist Stephen Hymer who 'married Chandler to Marx in a highly-influential treatment of the multinational corporation and uneven development' (Walker, 1989: 44). In particular, Hymer drew attention to the ways in which the rise of the modern corporation was extending the social division of labour by increasing the scale and scope of production (Hymer, 1972). This necessitated the rise of a managerial class that was required to co-ordinate and organize production and administration as companies got larger and more complex. This extended social division of labour began to have geographical effects as corporations – and US corporations in particular – became first multi-locational and then multi-national. In so doing, these corporations began to influence the social division of labour within the countries in which they operated and fragmented the traditional international division of labour. Indeed, Hymer went so far as to argue that multi-nationals unified 'world capital and world labor into an interlocking system of cross penetration that completely changes the system of national economies that has characterized world capitalism for the past three hundred years' (1972: 92).

In this sense Hymer anticipated the process of economic expansion that would a decade later be described as globalization (see Chapter 5), and which in the 1970s was shortly to become known as the New International Division of Labour (NIDL) (Fröbel et al., 1980; Cohen, 1981). The 'old' international division of labour could be seen as 'horizontal', with different countries and global regions tending to specialize in different industries. However, a new international division of labour was seen to be emerging as the vertical division of labour characteristic of large corporations was transposed over space, leading to what Hymer described as a 'spatial division of labor' (1972: 104), within which there existed a 'correspondence principle relating centralization of control within the corporation to centralization of control within the international economy' (Hymer, 1979: 63–64). Hymer argued that the internationalization of corporate-organized production resulted in the spatial redistribution of the internal functions of organizations across space, and in so doing added a spatial dimension to Chandler and Redlich's analysis of the development of corporate structure (1961). The highest level in the corporate hierarchy, Level I, comprised the senior management functions of goal determination and planning. Level II activities were those that coordinated the behaviours of managers at the lowest level, Level III. The role of management at Level III was to undertake tasks that are concerned with the day-to-day management of the firm within the established framework of the organization. The tasks of the bottom level were performed by people with relatively low pay and low status. Hymer translated this analysis into spatial terms by arguing that Level III functions were widely distributed in accordance with supplies of labour, markets and materials, while the higher levels of the corporate hierarchy were more spatially concentrated. Level I activities were the most concentrated and least dispersed because 'they must be located close to the capital market, the media, and the government . . . because of the need for face to face contact at higher levels of decision making' which means that 'one would expect to find the highest offices of the multinational corporations concentrated in the world's major cities' (Hymer, 1979: 64). In addition to foreshadowing the emergence of work on world cities and Sassen's argument about command and control functions (Beaverstock et al., 2000; and see Chapter 12), Hymer drew attention to the social and economic consequences of division of the labour process over space by multi-locational companies. The production of spatial divisions of labour has significant impacts, because of the way it contributes to the production of employment opportunities which has 'the most profound influence on

people's lives' in that it 'imparts occupational skills, social contacts, work discipline and militancy, money for a certain standard of living and the like' (Storper and Walker, 1984). But given that spatial of divisions of labour tend to be geographically uneven, the rewards from such activities are unequally distributed.

Although from the perspective of the twenty-first century Hymer's understanding of the multi-national and multi-national corporation can be viewed as simplistic (Dicken and Malmberg, 2001), his concern with spatial divisions of labour, and the uneven distribution of jobs and functions along the occupational hierarchy that such divisions produce was pioneering and would be picked up throughout the 1970s and into the 1980s in work that shared his alignment with Marxism and political economy (see Chapter 17). However, the focus in this later research was less on the production of spatial divisions of labour on a global scale than the production of spatial divisions of labour within the space economies of industrialized countries, and in the US and the UK in particular, and which was initially couched in the language of regional development rather than that of global economic restructuring. Moreover, partly as a result of this focus, a good deal of this work was, initially at least, relatively unconcerned with broader theoretical explanatory frameworks and was more straightforwardly empirical and policy oriented, particularly in the attempt to identify and map out what was described as the branch plant economy (Watts, 1981). A key concern was to connect the existence of uneven regional development with the notion of 'external control', with the poor performance of lagging economic regions seen to be a result of them lacking higher level corporate and management functions and the autonomy and decision-making capacity assumed to be important in creating a vibrant and successful economic milieu (Britton, 1976; Britton, 1980; Goddard and Smith, 1978; McDermott, 1976; Westaway, 1974; Firn, 1975). This research sought to document the level of external ownership in regional (or national) economies as a measure of external control (Watts, 1981), and was concerned in particular with the way in which low levels of corporate autonomy might suppress interaction between firms in a region, which made such regions become 'dependent' on decisions made elsewhere (and to an extent was prescient of the concern with traded and non-traded interdependencies that was to be developed in work in economic geography on industrial districts and economic agglomerations during the 1980s (see Chapter 18)).

This research was concerned that high levels of external ownership, and the lack of managerial functions and jobs, would result in a preponderance of routinized production, effectively limiting the overall quality of work within an area. The nature of employment within production units at the lower levels of the corporate hierarchy is literally a pole apart from the high degree of autonomy, variety and remuneration associated with tasks at the higher end of the corporate hierarchy. The cumulative impact of differential levels of socio-economic reward associated with those occupations characteristic of either end of the production hierarchy was seen to produce uneven development. These impacts played out at both the macro- and micro-scale, although this strand of work was more concerned with the local economic impacts of external control, such as differential levels of remuneration, variable levels of job security and differing opportunities for career development within the jobs available in an area. In addition, the sub-division of internal labour markets over space was also considered to have important impacts upon the rate of new firm formation in an area.

The outcome of this work was to reveal the extent of uneven development within economies such as the UK and US, and the identification of the North–South Divide in the former, and the Rust Belt/Sun Belt divide in the former. Older industrial areas located in the North of the UK and north east of the US

began to perform badly in relation to the rest of their economies, and studies in economic geography revealed that in the UK at least this seemed to be associated with a lack of functions towards the higher end of the corporate hierarchy as well as the nature of production located in those regions.

However, while work on the branch plant economy began to open up questions about the role of management and corporate power in producing economic geographies, they were never fully developed, and this particular research project began to falter in the 1980s. There were at least two reasons for this. The first was that although work of this kind was often based on painstaking empirical studies, the general absence of theoretical traction meant that although large volumes of data were produced on levels of external ownership and existence of branch plant economies (for example, McDermott, 1976; Firn, 1975), the purpose of documenting this phenomenon was never really justified any more clearly than a general sense that somehow ownership and control was 'good' if it was 'local' (although what was local was never really properly defined), and 'bad' if it was 'ex-local' (which was similarly loosely specified). The second and related reason was the failure of this work to become aligned with the dominant theoretical impulse of economic geography from the late 1970s to the mid-1980s, the restructuring school. This was surprising given that Doreen Massey's work on spatial divisions of labour was such a key impetus to the restructuring debate (Massey, 1984; Barnes, 1996), but significantly she was at pains to distinguish her political economy inspired investigations into the processes that cause uneven development from more empirically-driven audits of the level of external ownership and control. For example, having identified three examples of corporate spatial structures that might help produce uneven spatial divisions of labour, Massey was at pains to emphasize that these were heuristic tools and her 'intention [was] not to set off a search for them' (Massey, 1984: 76), for fear that this would stimulate even more empirically-driven studies (see, also, Chapter 17). The weaknesses inherent in the branch plant economy approach, and the growing interest in phenomena such as industrial districts and agglomerations during the 1980s, where the naked power of large corporations was not so immediately obvious, encouraged the economic geographer Richard Walker (1989) to confidently declare the death of corporate geography at the end of that decade. This academic death notice is explored in more detail in the next section.

A REQUIEM FOR CORPORATE GEOGRAPHY?

Walker's criticism of what he considered to be economic geography's excessive focus on the large corporation (Walker, 1989) was part of his broader project to promote the concept of geographical industrialization, developed in conjunction with Michael Storper (Storper and Walker, 1989), which sought to extend the restructuring approach in a more analytically rigorous manner. Walker was highly critical of the empiricism of corporate geography, and took aim at the four pillars of the approach, namely; 'the spatial bias in location introduced by corporate calculation, the imprint of corporate structure on spatial divisions of labor, the impact of the corporate spatial division of labour on regional development, and the geographic expansion of corporate activities' (Walker, 1989: 46). Walker argued that corporate geographers overstated the significance of the power and agency of large corporations and the benefits they accrued from internal markets and internal division of labour, drawing attention to the growing propensity of corporations to run their sub-divisions as profit-centres that needed to operate in a solvent manner, which encouraged flexibility and responsibility, and the growing tendency to sub-contact and out-source increasing volumes of corporate business. It was not clear, Walker argued,

what an analysis of the large firm in isolation actually contributed to an understanding of economic geography because of the failure of corporate geography to identify 'the causal force of the organization, *per se*, on location' (Walker, 1989: 47). An even more important factor in explaining the changing geographical composition of the economy, Walker argued, is the expanding social division of labour (see, in addition, Sayer and Walker, 1992), which caused new types of work and economic activities proliferate. The large corporation is better seen as a constituent component of this process rather than its cause. More significantly, Walker argues, corporate geography made the fatal mistake of moving against the tide of history in economic geographical history:

> The brashest advocates of corporate geography . . . were declaring an end to agglomeration economies (and hence cities) just in time to be swept away by a new wave of excitement over spatially concentrated 'flexible production complexes'. (Walker, 1989: 48) (See Chapter 18 for further discussion on agglomerations.)

The focus on the occupational hierarchy of the large firm to the exclusion of other factors in producing uneven divisions of labour was seen to be both reductionist and negligent. Walker argued that despite their size in relation to other firms and organizations within the economy, the agency and power of large corporations remained limited in relation to the wider, aggregated economy and the deeper forces of competition and regulation that drive the economy:

> The corporation is an effective instrument of capitalist development but not the essential cause of it; that lies deeper within the economic structure. Corporate geographers have circled around this conclusion but never quite grasped it because they lack a systematic understanding of capitalism . . . They introduce the large firm as an exogenous player that alters the rules of the industrial economy rather than one that raises and acts according to those rules. (*op. cit*., p. 50)

Thus, Walker was critical of corporate geography, and its focus on the managerial structures of organization, because it allocated a level of agency and autonomy to organizations, and the managers that run them, that they simply do not have. In this Walker was strongly influenced by Marxist ideas, and the notion that while actors have a capacity for action, it is strongly constrained and made in circumstances not of their own choosing. The more important forces are broader, deeper systemic social processes that push the economy along constrained paths of development, and from which, for most of the time, organizations are unable to stray if they wish to survive. As Walker argues, the size of corporations may afford them some protection 'from the exigencies of market for certain periods of time . . . but the grim reaper of competition ultimately brings them to heel too' (*op. cit.*, p. 46).

Walker's intervention was both powerful and persuasive. It revealed the theoretical paucity of what was generally referred to as 'industrial geography' which, at its extremes, seemed to be interested in mapping the geography of industry for its own sake, wrapped in the thinnest veneer of conceptual justification. Corporate geography was caught in a pincer movement, between two more theoretically rigorous movements: Marxist informed political economy on the one hand, and the more theoretically catholic body of work concerned with economic agglomerations on the other. (For useful illustrations of the kinds of work that was produced by studies in these two traditions see, for example, the edited collections by Cooke (1989) and Storper and Scott (1992)).

However, reports of the death of corporate geography were greatly exaggerated. For some critics, Walker's requiem was simply overblown, and that while he managed to deliver some telling critiques of the problems that beset certain aspects of industrial geography during the 1980s – not least a tendency to consider firms in isolation from the wider institutional and cultural contents within which they operated – his attempt to drive out any possibility for agency in the unfolding of economy took 'a sound criticism to the

point of caricature' (Dicken and Thrift, 1992: 280). In particular, Dicken and Thrift argued that Walker's account was a revisionist history: while he may have been justified in his attempts to rein in the focus on organization and to draw attention to the significance of the wider mode of production within which corporations operate, Dicken and Thrift argued that Walker travelled too far along this road and produced what came perilously close to being an already pre-programmed account of economic change. They also made it clear that just as Walker accused corporate geographers of being on the wrong side of history, he too was in danger of arguing against the grain in as much as his denial of the role of organization was in flat contradiction to a growing number of studies from the late 1980s onwards that drew attention to the significance of organizational culture in understanding economic change. The next section of the chapter considers two bodies of work that cast new light on the role of organizations and, in so doing, began to move towards a more culturally sensitive reading of economic change. I begin with a brief consideration of work on global commodity chains before focusing on the idea of the 'discursive firm' and the cultural circuit of capital.

GLOBAL PRODUCTION NETWORKS, THE 'DISCURSIVE FIRM' AND THE CULTURAL CIRCUIT OF CAPITAL

The focus on inter-firm relations and networks that emerged within the work on agglomeration and clusters was a feature of a body of work that emerged during the 1990s which looked at the organization of production and services on a global scale. This work explored the organization of global commodity chains and followed the flow of production and value over geographical space from origins to destinations (and back again) (Gereffi and Korzeniewicz, 1994; Gereffi, 1999). Although these approaches were initially concerned with the functional organization of production rather than their geography, they shared a similar concern with earlier work on branch plant economies about the impact of external control on local economic growth (Smith et al., 2002). Although not unproblematic, such approaches were seen as valuable in contributing to an understanding of the interrelationship between corporate organization and the global geographies of production and consumption (Hartwick, 1998; Leslie and Reimer, 1999; Hughes, 2000; Hughes and Reimer, 2004). Here, firms were seen as 'networks within networks', in complex production networks which linked regions and cities across the world (Coe et al., 2004; Dicken et al., 2001; Dicken and Malmberg, 2001).

Meanwhile, across a wide range of economic-facing social science disciplines, such as economic sociology and management and business studies, there was a growing recognition of the way in which what we understand as 'the economic' was constituted through a range of cultural, social and political practices (Block, 1991). Studies in these disciplines focused attention upon the possibility of agency, and the ability of powerful actors such as managers to intervene within the unfolding of the economy, albeit within a broader economic context. As Dicken and Thrift (1992) insist, while it is important to consider the dynamics and trajectories of industries in the way that Walker suggests, explanation will be deficient unless it also takes into account a corporate metric which is sensitive to issues such as culture and the emergence of 'conventions' of behaviour at particular times and places. Or, in other words, the time and place in which corporate managers make their decisions affects their views of the world (Schoenberger, 1997).

As the 1990s unfolded, more studies began to emerge which took the agency of management seriously, doing so as part of a body of work that constituted a wider cultural turn within social studies of the economic. Many of these were, unsurprisingly, within the burgeoning field of management and

business studies (Knights and Murray, 1994; Clegg, 1996; Kerfoot and Knights, 1998; Kerfoot, and Knights, 1993; Knights, 1992; Knights and Morgan, 1995; Knights et al., 1993) but also within fields such as sociology (du Gay, 1996). These studies engaged strongly with the cultural turn, focusing on the significance of a managerial 'discourse', the circulation of a set of ideas and forms of language to which managers can refer to make sense of what they do, both to themselves and to others. Many of these studies argued that since the 1980s a new kind of manager had emerged, who now had to cope with the heightened levels of uncertainty and volatility that had been unleashed on the world economy following the progressive embrace of a market logic across many economies as a part of a process of neoliberalization (Peck and Tickell, 2002) and the continued advance of globalization.

Geographers, influenced by such ideas, also began to explore the processes by which managers were constructed, the kinds of managerial discourses that flowed through organizations, and the consequences of this for the production of economic geographies. These studies ranged from considerations of attempts to create subject formations through acts of training that might create appropriate managerial actors (Hinchliffe, 2000), the gendered nature of management practices (McDowell 2001, 1997), and the ways in which once powerful companies and industries can fail through the inability of their managerial cultures to bring about organizational change necessary within fast-moving and highly competitive markets (Schoenberger, 1997; O'Neill, 2001; O'Neill and Gibson-Graham, 1999). In addition, there emerged a body of work that focused explicitly on capitalist elites, which became particularly significant from the 1990s onwards, as they were rewarded in ever more spectacular ways (Cormode and Hughes, 1996, 1999; Hughes and Cormode, 1998).

These ideas were amalgamated and developed further by Thrift (2005) under what he described as the cultural circuit of capital, which he claimed had emerged in response to chronic uncertainty and doubt within the 'controlling heights' of the economy. Thrift's concept of the cultural circuit of capital has interesting parallels with a similar theory about the power of ideas which was developed more or less contemporaneously to it. *Virtualism*, developed by the anthropologist Danny Miller and the economic historian James Carrier (Carrier and Miller, 1998), was an attempt to account for the purchase that abstract economic theory has upon the material reality of economic and social life:

> Economic practice shapes economic thought. Moreover . . . economic thought shapes economic practice. This is because people are driven by ideas and idealism, the desire to make the world conform to the image. (Carrier, 1998: 5)

As a result, so Carrier argues, 'in many important ways the economic realm is becoming more abstracted from its pre-existing social and political contexts, even if types of social and institutional context remain important' (1998: 19). This tendency is due in part to the growing power of the discipline of economics within the world, which has colonized a number of key institutions:

> What had been a rather arcane academic discipline, made visible by the presence of occasional representatives who, like Keynes, engaged in public debate, has become more prestigious and pervasive. Not only is there now a Nobel prize awarded in economics (the only social science so treated); economists who have won that prize, together with their less exalted fellows, write columns in popular periodicals (for example Becker . . .) and lecture the public on the fallacies of government policy (for example Krugman . . .). Similarly, economists have increasingly visible and powerful positions in a range of organizations that deal with money. The World Bank is a striking example, an institution that appears to be dominated in important ways not by bankers but by economists . . . a situation analogous to having an aircraft design company dominated not by aerodynamic engineers but by physicists. (Carrier, 1998: 7)

Carrier and Miller argued that economic thought had an important, but hitherto

underreported, impact on economic practice. Because of the power of certain kinds of economic theory, particularly associated with neoliberal economics, the economic realm has become more abstracted from its pre-existing social and political contexts (Miller, 1998, 2000, 2003).

While the cultural circuit of capital has similarities to the concept of virtualism, it is different in a number of respects, not least in the fact that virtualism tends to focus on the power of academic ideas, whereas the cultural circuit of capital has a more catholic approach to the origin of ideas and recognizes that important economic ideas can also come from economic practice and the places associated with it. In this respect, the cultural circuit of capital has more in common with theories about the performativity of economic ideas, which have emanated in particular from a branch of science and technology studies focused on social studies of finance, and have looked at the ways in which they unfold in particular circumstances and arenas (MacKenzie, 2006; MacKenzie et al., 2007; Callon, 1998; Callon et al., 2002; Zaloom, 2006). The cultural circuit of capital is defined by Thrift as a self organizing network for the production and distribution of management knowledge, the size of which has increased markedly in recent years. This knowledge is produced by three main institutions: business schools; management consultants; and management gurus (Thrift, 2005). Business schools, based for the most part in universities, have become important crucibles of new business knowledge in the past half-century or so, with the number of business schools in the US having grown fivefold since the late 1950s. Management consultants have also become important players within the contemporary economy, being representative of the expanding social division of labour referred to earlier, and who generate fee income by producing ideas and solutions for business clients. Moreover, their alumni have been particularly successful in locating themselves at the key sites of economic and political power during this time (Micklethwait and Wooldridge, 1997; O'Shea and Madigan, 1998; Huczynski, 1996). Management consultants both generate new and package existing ideas and concepts to make management knowledge generic and easily transferable between organizations and industries. Management gurus are a third group responsible for animating the cultural circuit of capital, and are individuals who have placed themselves in the position of influence either through the power of their rhetoric or the marketing of their image (or both). They include academic gurus, consultant gurus and so-called 'hero managers'; that is, chief executive officers who have earned celebrity either through remarkable feat of industrial transformation or through media related promotion of their ideas and management capability (Thrift, 2005).

Once produced, this management knowledge is disseminated through the rest of the economy in a number of ways. First, it is disseminated through lectures and seminars within Business Schools, and is then taken out into the rest of the economy through successive waves of Business School graduates. Second, this knowledge is disseminated through business media, which has proliferated in recent years to include specialist magazines, the business sections of newspapers, the 'business books' that are available at airports and service stations and in the dedicated spaces within bookshops, television and radio programmes and even media dedicated to business (such as CNBC and Bloomberg for example). Third, there are set-piece management seminars, wherein a leading management figure speaks to a mass audience made up of both the willing and the conscripted ranks of the business classes.

Thrift argues that there is an audience for this material because managers want and need new ideas, to better cope with uncertainty and the anxieties of their jobs. Indeed, he makes a bolder claim in arguing that the demand for knowledge has increased due to a perception that the economic environment in which managers operate has become ever

more unstable. Thrift characterizes the management culture of the period following the Second World War up to the breakdown of the Bretton Woods system of stable exchange rates in the early 1970s as one in which a series of 'stable spaces' abounded. In turn, these stable spaces produced more stable and hierarchical organizational and managerial forms. The relative predictability of the economic environment encouraged the emergence of bureaucratic corporations that could aspire to organize the world, and employed people who conformed to such an environmental and organizational milieu. As Thrift points out, the world prior to the 1970s was, in truth, probably not as controllable as managerial elites might have believed, but the fact that they did believe it might have encouraged the development of appropriately stable institutions.

With the collapse of the Bretton Woods system, and the shift to floating and volatile exchange rates in the 1970s, followed by the embrace of the market associated with neoliberal political systems in the 1980s, there has been a recognition that the economy is very different to the stable entity it was once imagined to be. This, in turn, led to a recognition that new ways were needed to understand it and describe it. Thrift argues that, as a result, there has been a concerted attempt to grasp a new understanding of the economic world, which has involved producing new metaphors and ways of thinking in order to achieve this. These metaphors and ways of thinking share a concern with looser organizational forms which are more able to 'go with the flow', and are more open to a world which is perceived as more complex and ambiguous than hitherto. It is also involved attempting to inculcate new kinds of knowledge among employees in order to foster new subject positions – the kinds of people they are, in other words – which are seen a more appropriate to be successful in this more volatile and competitive economic environment. To illustrate this, Thrift (2005) identifies a number of companies and organisations that now employ a wide range of training courses, often involving unusual and seemingly bizarre subjects and techniques, to push employees in new directions and to create new ways of thinking, often drawing on emotions. Many of these involve 'New Age' thinking, which has become popular in informing management training because of the eclectic nature of its world view and the fact that 'its emphasis on personal development fits with the rise of 'soft skills' light leadership, intuition, vision and the like' (Thrift, 2005: 41):

> In Britain, New Age training . . . crops up . . . in unlikely places. For example, the Bank of England, British Gas, Ernst and Whinney, Mars, and Legal and General have all sent executives to be taught how to do the Whirling Dervish dance, so as to allow their top managers to find inner peace and increase their business potential. Then again, 'The Scottish Office sent thousands of its employees on "new-age thinking" courses run by Louis Tice of the Pacific Institute which aimed to train the minds of workers to make them "high-performance people" in their work and private lives' . . . meanwhile decision development, a British new-age training company, was offering to boost the spiritual, emotional and creative powers of clients. The company uses the American Indian medicine wheel 'to take managers on a journey to discover their spiritual, emotional and creative self. The wheel allegedly enables trainees to access their inner selves by examining their dreams and fantasies'.

The managers are sent on these courses in order to give them the cultural resources to cope in an economic world that is uncertain, unpredictable and volatile. The 'skill sets' required of managers in the twenty-first-century are seen to be very different to those needed in more stable economic eras; whereas in the past managers needed to be skilled in the administration and negotiation of bureaucracy, the contemporary normative expectation is that business leaders be skilled in 'change management'.

To be sure, this interpretation needs to be qualified given its Eurocentric focus, although it is the case that the cultural circuit of capital has been putting down roots in Asia, not least through the rapid growth of Business Schools in that region (Thrift and Olds, 2005). Nevertheless, the rise of a new managerialist

discourse produced under the influence of the cultural circuit of capital has had some important consequences. First, the focus on flexibility and adaptability has been extended out beyond the individual to embrace the kinds of organizations that are seen to be appropriate in the contemporary economy, which are looser and more flexible institutions than was previously the case. Second, the degree of training given to managers and other employees in changing their own subject positions carries with it an expectation that responsibility for career outcomes and continued employment is as much the responsibility of the individual as it is of the employer. The focus on volatility and uncertainty makes change in organizations become the norm, with severe consequences for job security. This encourages employees to work harder, and commit themselves fully to the organization or bear the (inevitable) consequences.

Thrift argues that this culturally inflected way of analysing capitalism has considerable advantages over the kind of political economy analyses favoured by critics such as Walker, for example. In this regard Thrift echoes criticisms developed by Gibson-Graham (Gibson-Graham, 1996) who argues that political economy criticisms of capitalism afford it more order and power than it really has, and in doing so construct a confident and super organized juggernaut that it makes practically challenging it a rather daunting prospect (see Chapter 24). However, a closer, cultural appreciation of the life of corporations reveals that far from being the all conquering beasts they are sometime depicted to be, they may be less in control than they would like. A growing number of studies in economic geography have begun to draw on the idea of the cultural circuit of capital to explain the power of ideas in bringing about economic change, ranging from studies of the London financial services district, through to analyses of the geography of the new economy, to studies of more traditional sectors like the coal industry in central Europe (Hall, 2007; Leyshon, et al., 2005; Swain, 2006). Moreover, while the cultural circuit of capital may appear to offer capitalist elites a panacea for the uncertainty that they face, it may be better understood as a placebo. Despite their greater attention to knowledge and information, Thrift argues that he is not 'at all convinced that the managers of capitalist firms – jointly or severally – know what they are doing for quite a lot of the time' (2005: 2). Indeed, one only has to look at how close the financial system came to total collapse in the late 2000s and, in particular, the ways in which of some of the world's leading financial instructions were mismanaged in the run up to the financial crisis, to gain empirical support for such a view. It is quite clear in retrospect that many of the people running these large organizations – a fair number of whom subsequently lost their jobs – believed that they were running sound and viable businesses up until events demonstrated that they were clearly not (Lewis, 2010).

CONCLUSIONS

This chapter has considered the ways in which economic geographers have approached the issue of the role of management within the production of economic geographies. In doing so it has provided a slice through the history of the sub-discipline, which in this case has moved from episodes of empiricism, through a concern with political economy, to the rise of a growing attention to a wider range of social and cultural structures, processes and practices in analysing economic events. It shows how research undertaken at particular periods are informed both by the current theories circulating within the discipline, as well as by the material changes that are taking place within the economy as a whole. It also illustrates that work in one period is often used as a platform to develop research that moves in new and often very different directions. This makes it possible to look at the same problem from different viewpoints, even though reconciling these viewpoints may be difficult.

Moreover, it is important to point out that newer ideas are not necessarily 'better', even though they may draw attention to weaknesses in earlier positions. For example, while the earlier work on branch plant economies was empirically rich, its atheoretical nature meant that as a body of work it lacked cohesion compared to work in political economy, and in particular the latter's ability to explain uneven development. In turn, the focus on the underlying dynamics within capitalism that produced uneven development tended to downplay the possibilities of agency and the role of culture within processes of economic change, which was the point of departure for approaches such as the cultural circuit of capital. Indeed, criticisms of the cultural turn in economic geography in general, and of the cultural circuit of capital in particular, have already emerged (on the latter, see Sayer, 2007). No doubt new approaches based on based on criticisms of the cultural economy approach are already being written, and will produce new ways of apprehending economic geography.

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