PART 6

Uneven Development: Geographies of Economic Growth and Decline

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Geographies of Economic Decline

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INTRODUCTION

In this chapter I want to focus upon the ways in which economic geographers – and others – sought to come to terms with uneven development, geographies of economic decline and the deindustrialization that blighted both national and, more specifically, many regional economies from the later 1960s and to review the sorts of explanations that they constructed in the 1970s and 1980s. Such changes were integrally linked to changes in geographies of production and the emergence of new spatial divisions of labour, at varying spatial scales. Thus the empirical context for the chapter is the industrial decline in many of the former 'workshops of the world' of industrial capitalism – such as the 'old' industrial regions and city-regions/conurbations (for convenience, referred to as 'regions' in what follows) of the mid-West and north east of the USA, north east England, south Wales and central Scotland in the UK, Nord-Pas de Calais in France, the Ruhr in Germany, Wallonia in Belgium and so on – the list is a long one – as one facet of changing international and intra-national divisions of labour.

Such changes in the economic well-being of regions posed two sorts of problems. First, they posed challenges for policy makers, charged with responsibilities to regenerate these regions and secure their economic future. Such policy makers struggled to find solutions to the problems posed by industrial decline, not least because of a failure to understand the reasons for rapid shifts in the economic health of regions and the processes underlying these changes. Second, economic geographers concerned to understand the changing geography of regional economic growth and decline quickly realized the inadequacies of much of the theoretical developments of the 1950s and 1960s (such as neo-classically inspired location theories that assumed away the problems of uneven development and the need to account for them – for a contemporary summary, see Hamilton, 1967) in providing a basis for understanding such changes (see Chapters 1–3). On the other hand, engagement by some economic geographers (such as Keeble, 1967) with the work of economists like Hirschman (1958) and Myrdal (1957) concerned with disequilibrium and core – periphery relations provided a much more promising entry point to considerations of uneven development, growth and decline. This raised questions as to how to construct more powerful explanations of uneven development – not least for those who sought to advise policy makers seeking to address the problems of decline. It is these explanatory and theoretical questions that are the main focus of concern in this chapter.

EXPLAINING DEINDUSTRIALIZATION AT NATIONAL SCALE, TACKLING DE-INDUSTRIALIZATION AT THE REGIONAL SCALE

As the UK had emerged as the first major capitalist industrial economy, it was perhaps no surprise that it was the first major national economy to experience significant de – industrialization, beginning in the 1960s but accelerating in the 1970s. It is worth noting that de-industrialization can be defined in various ways, with differing implications as to the social distribution of gains and losses as a result of de-industrialization – for example, in terms of falling shares of manufacturing employment or output or absolute decline in manufacturing employment or output. For the moment, however, these definitional differences will be ignored, drawing on the evidence of absolute decline in manufacturing employment and (from 1973) manufacturing output. This led initially to three differing accounts that sought to explain national de-industrialization (see Rowthorn, 1986), which by implication in the fullness of time would also be relevant to other industrialized countries. The first of these was the Maturity Thesis, which located manufacturing decline within the framework of a general theory of historical development and structural change. This envisaged the UK as the first country to reach the state in development known as 'maturity', in which the share of manufacturing in total employment begins to fall. This in itself was taken to explain why the decline in manufacturing employment began earlier in the UK than in other major capitalist economies, and why it was more pronounced there. The second was the Trade Specialisation Thesis, which suggested that manufacturing decline in the UK was simply a consequence of the UK's changing position in the international division of labour as a consequence of the growing importance of non-industrial trade since the early 1950s. The third can be termed the Failure Thesis, seeing manufacturing decline as a symptom of economic failure, of a growing failure of industrial production in the UK to compete internationally or to produce the output required for a prosperous and fully-employed economy. One consequence of the absolute decline in manufacturing employment was that demand for services was depressed, so that service activities grew more slowly than they otherwise might have.

There are several points that can be made about these three differing explanations. First, they are cast at the level of the national economy, and while there are undoubted differences at the national scale in patterns of economic growth and decline, the pattern of deindustrialization was strongly regionally differentiated. Second, they refer specifically to manufacturing rather than industrial employment more generally – and the effect of including the decline of activities such as coal mining is sharply to reinforce the regionally-differentiated pattern of de-industrialization. If only by implication, the service sector (recognizing that this is a rather imprecise concept) is seen as of little import. Third, there is at best a weak and implicit consideration of the interplay of corporate strategies and state policies in explaining the sectorally and regionally differentiated pattern of de-industrialization, of understanding the relationships between disinvestment and the decline of some industries and fresh investment in industries new to these places. In short, any consideration and conceptualization of causal process is at best weak and thin.

One implication of these national level accounts is that regional deindustrialization could be seen as a consequence of changes in the international division of labour, albeit mediated by central government policies, such as those towards the public sector and nationalized industries (such as coal, steel and shipbuilding: for example, see Beynon et al., 1991; Hudson, 1989) and key sectors of private sector manufacturing (such as chemicals and engineering: for example, see Beynon et al., 1994). While there are undoubted links between changes at international and intra-national scales, to regard the latter as simply a consequence of the former is too simplistic (a point elaborated below). Nonetheless, as a result of the perceived connection between international and intra-national changes, some academics and policy makers initially saw the changing international division of labour that gave rise to regional economic problems as also offering a potential solution to the problems of regional de-industrialization by offering possibilities for new forms of regional reindustrialization. Thus, the initial policy response to the decline of 'old' industries was to seek to attract branch plant investment in 'new' industries to address regional problems (see Chapter 25). There was a belief that this would provide long-term – if not permanent-solutions to the problem of regional deindustrialization via reindustrializing in this way.

Such policies were not particularly new, however, since there was a long history of seeking to promote inter-regional and indeed international re-location of industry, initially within the UK and subsequently in most advanced capitalist economies. Moreover, they had had, at best, limited success in the past in alleviating regional problems. What was new was the increasingly heavy emphasis upon attracting branch plant investment by multi-national companies (MNCs) located outside the UK, informed by a belief that the national state could shape the economic development trajectories of peripheral and problematic regions for the better via the financial incentives of regional policies. This turned out to be a not wholly unproblematic solution, however, since it meant that key functions in the capitalist division of labour (such as high level decision making and control, R&D and advertising and marketing) were absent from these regions. The consequence was the creation of externally-controlled branch plant economies, characterized by a diversity of industries but a homogeneity of routine stages of production, global outposts vulnerable to closure in times of economic decline or simply when they reached the end of their economically useful lives to the parent company. In short, by the early 1980s it was becoming clear that the 'solution' was in fact simply a new form of the problem as capital flight accelerated, with MNCs now cast as the new villain of the piece. This suggested that policy makers needed to be informed by much more sophisticated understandings of regionally-concentrated economic decline and that economic geographers needed to develop more powerful theoretical accounts, which might inform practice and, possibly, provide a basis to underpin more effective policies.

CAPITALISM AND UNEVEN DEVELOPMENT, I: THE RE-DISCOVERY OF MARXIAN POLITICAL ECONOMY

What these changes were making increasingly clear was the need for a more sophisticated understanding of the dynamics of industrial (dis)investment and the relationships between corporate strategies and priorities and regional development strategies and priorities and, more generally, patterns and processes of geographical uneven development. There was a visible tension between corporate and regionally-based and defined interests – no longer could it be assumed that what was good for corporate interests was necessarily appropriate as the basis for regional development policies. More specifically and immediately, it was evident that there was a need to get beyond descriptions of MNC behaviour and moralistic critiques of 'bad' MNCs to a deeper understanding of the processes giving rise to regionally uneven growth and decline.

After some exploration of using ideas from dependency theory and theories of underdevelopment at a national scale to understand intra-national uneven development (for example, see Carney et al., 1976), economic geographers increasingly focused on Marxian analyses of the inner dynamics of the capitalist mode of production (that is, the particular combination of social relations and technologies that defined capitalist economies *as* capitalist) and the structural context, specific imperatives and constraints of the political-economy of capitalist development. This was part of a more general re-discovery of the Marxian tradition in the social sciences from the 1960s. Economic geographers interested in issues of uneven development, of the growth of some regions juxtaposed alongside the decline of others, thus began to explore the ways in which Marxian approaches could deepen understanding of these issues, seeing uneven development as genetically-encoded within capitalist social relations. It is also worth noting that other social scientists were also paying increasing attention to issues of spatially uneven development as part of this re-invigoration of Marxian scholarship (for example, see Poulantzas, 1978, especially pp. 92–120). Indeed, some specifically identified the centrality of intra-national uneven development and the production of 'regional problems' to the accumulation process. For example, Ernest Mandel (1968: vol.1, p. 373) argued that 'unevenness of development as between different parts of a single country' is an essential pre-condition for capital accumulation and that its significance had been greatly under-estimated in previous Marxian analyses. This cross-disciplinary and cross-national interest was important in enriching the debate within geography, not least as Marxian analysis was generally more powerfully developed outside the Anglo-American speaking world.

Without doubt, the outstanding figure in this exploration of Marxian approaches to uneven development within geography was David Harvey; indeed, his magisterial *The Limits to Capital* (1982) was less of an exploration and more of a reconstruction of an historical – geographical materialism that developed Marxian approaches in significant ways (for a re-consideration of this book, which confirms its lasting value to economic geographers, see Castree et al., 2004). In the course of this, Harvey located the issue of regional uneven development and geographies of economic growth and decline squarely in the context of a Marxian political-economic analysis of capitalist economies and more specifically in relation to his 'third cut' at crisis theory and the integration of uneven development into the theory of crisis. Uneven development was no longer seen as an unfortunate by-product of capitalist development, but as integral to the crisis-prone process of capitalist development. As he explained:

> Our task is to construct a 'third cut' at crisis formation which specifically acknowledges the material qualities of social space as defined under capitalist relations of production and exchange. The first cut theory of crisis . . . dealt with the underlying source of capitalism's internal contradictions. The 'second-cut' theory examined temporal dynamics as these are shaped and mediated through financial and monetary arrangements. The 'third-cut' theory . . . has to integrate the geography of uneven development into the theory of crisis. The task is not easy. We have to deal somehow with multiple, simultaneous and joint determinations. . . . This lack of unique determinations makes theorization difficult. (Harvey, 1982; 425)

In short, capitalist development was conceptualized as necessarily and unavoidably uneven, simultaneously encompassing regions of growth alongside those of decline, with former regions of growth becoming regions of decline and vice-versa. This insistence that capitalist development was dynamic, with an open-ended trajectory rather than a known equilibrium end-point, with some regions flipping between trajectories of growth and decline, and with the result that there could never be even development, had some momentous implications. First, it came as a major theoretical challenge to much of economic geography (and indeed mainstream economics), premised on assumptions of static equilibrium. Second, it came as a major challenge to policy makers who believed that problems of spatially concentrated economic decline could be solved via an appropriate policy mix. Third, and perhaps most significantly, politically it emphasized that capitalist economies and societies were unavoidably characterized by inequality, socially as well as spatially, raising questions as to how such chronically unequal economies ands societies can be reproduced. But this is to anticipate.

Within a Marxian framework, production of profits through the production of commodities results from a company bringing together fixed, constant and variable capital (more concretely, machinery in factories, raw materials of various sorts and other manufactured inputs to production, and workers) in a specific location. For capital, the point of production is to produce profits via organizing work in such a way that the commodities produced have a greater value than the inputs needed to produce them. As the only source of new value creation is the living labour of workers (since the value embodied in constant and fixed capital is simply transferred to the new commodities in the course of production), this requires that work and the labour process be organized in particular ways. This is necessary so that surplus-value – that is, the difference between the value of inputs and outputs and the basis of profits – is produced is sufficient quantity in specific workplaces.

Production is always, in this sense, place-specific – so that the cessation of production and the devalorization of capital always has place-specific effects as companies become bankrupt or shift production between locations in search of profits and survival. Perhaps Harvey's key insight, therefore, in the context of understanding geographies of economic decline was to recognize that the devalorization of capital is central to the coercive processes of capitalist competition and capital accumulation, and that devalorisztion is always, necessarily, place-specific. 'Devalorization' in this context may refer to the physical destruction of factories, machinery and the means of production but more often refers to the fact that companies simply cease to produce in a particular location as they shift production – and capital – to a more profitable location. The physical assets of plant and machinery remain as material artefacts but they no longer function as fixed capital, while the company no longer lays out constant capital (on raw materials or manufactured components, for example) or variable capital (to purchase labour-power via hiring workers on the labour market). Thus, as a result of a company closing production in a particular region, people lose their jobs from its factories, other companies that supplied that company lose markets and maybe also shed labour, local service companies that provided goods and services to those employed in these factories experience falling sales and so they too may shed labour . . . and so on in a locationally-concentrated spiral of decline.

However, Harvey emphasized that companies do not simply face a choice between locations in seeking greater profits but also a choice between locational and technological change. As he puts it (1982: 390): 'Capitalists can individually hope to acquire relative surplus value for themselves – excess profits – by adopting superior technologies or seeking out superior locations. A direct trade-off exists, therefore, between changing technology or location in the competitive search for excess profits'. Changes in the technology of production may be a strategy for maintaining production in a particular place whilst changing location may be a strategy for maintaining the viability of a particular production technology. However, it could equally well be a strategy to enable a new and radically different production technology and associated labour process to be introduced by moving to a location in which people lack experience of such work (such people are often referred to as 'green labour', lacking either experience of industrial work in general or of work in a particular industry). Put another way, while the introduction of new technologies (with or without change in location) is always informed by a strategy of relative surplus-value production, re-locating an existing technology to a cheaper production cost location centres on the production of absolute surplus-value. In these ways, processes of uneven development are reproduced whilst geographies of production are altered, often radically.

In summary then, Harvey emphasized that both the place-specific establishment and ending of production are central to the economic geographies of capitalist growth and decline. He emphasizes that 'the production of spatial configurations is necessarily an active moment in the dynamics of accumulation' (Ibid.: 440). As he was very well aware, understanding just why production takes place where it does within the social relations of capital is a non-trivial issue, so that (1982:388), '[t]he location of production under capitalism is a very intricate affair subject to multiple determinations'. However, it is only fair to point out that Harvey himself tended to emphasize a trade-off between locational and technological choices and did not go far beyond this is seeking to elaborate why particular forms of production were established in particular places. In this sense, his exploration of the 'multiple determinations' was deliberately limited as he tended to develop his argument via making 'some drastic simplifying assumptions' (Ibid.: 425) in recognition of the complexity of these multiple determinations – for example, in terms of the dichotomy between location and technology. In addition, and relatedly, while recognizing that the production of spatial configurations is an active moment in the accumulation process, he pays limited attention to the particular characteristics of particular places as formative elements in these shifting economic geographies of uneven development.

CAPITALISM AND UNEVEN DEVELOPMENT II: SOCIAL RELATIONS OF PRODUCTION AND SPATIAL DIVISIONS OF LABOUR

While Harvey's work was an unrivalled intellectual achievement, and enormously increased understanding of processes of uneven development within capitalist relations of production, it centred on an analysis of capitalist development and uneven development at quite a high level of abstraction – necessarily and unavoidably so, since he wished to locate this in terms of Marxian political-economy and its value-theoretic approach. As such, it incorporated a strong sense of regionally differentiated growth and decline, of why some regions grew whilst others declined and why some that had once been centres of the accumulation process were now peripheral to it. However, he had less to say about precisely how these processes unfolded in particular places, and indeed upon how the socially-produced character of these places itself helped shape that unfolding.

One of the first attempts to specify in more detail particular corporate strategies and mechanisms of place-specific job destruction was that by Doreen Massey and Richard Meegan (1982), who identified three analytically – separate forms of production re-organization that led to employment decline in manufacturing firms: intensification; rationalization; and technical change. Different forms of re-organization were characteristically found in different sectors. Intensification refers to changes designed to increase the productivity of labour but without major new investment or substantial reorganization of production techniques: in short, it involves workers working harder and longer to increase productivity and output. Second, rationalization involves a simple reduction in total capacity – with companies making choices as to where to cut capacity, for example on the basis of relative productivities between plants. Third, technical change refers to job loss as a result of significant investment, often related to changes in production techniques – that is, job shedding investment. The first strategy prioritizes the production of absolute surplus-value, the second seeks to raise profitability by devalorisztion of fixed capital without altering production technologies (although the threat of closure typically enables companies to increase absolute surplus-value production) while the third focuses on the production of relative surplus-value. In practice, a company could well be deploying all three strategies simultaneously.

Massey was subsequently to elaborate upon these insights in her major work *Spatial Divisions of Labour: Social Structures and the Geography of Production* (1984). In this, as the title suggests, her prime concern was understanding the ways in which the social relations of capitalist production and of different functions within that process were distributed over space – indeed in being allocated between locations these functions actually defined social space – and how this led to differential regional growth and decline.

> 'The overall argument of this book is that behind major shifts between dominant spatial divisions of labour within a country lie changes in the spatial organization of capitalist relations of production, the development and reorganization of what we shall call spatial structures of production. Such shifts in spatial structures are a response to class relations, economic and political, national and international. Their development is a social and conflictual process; the geography of industry is an object of struggle. The world is not simply the product of capital's requirements. Partly for that reason, and for others – technical and organisational characteristics of an industry, for instance – the range of spatial structures is wide. Together they produce a particular form of spatial patterning of society – an overall spatial division of labour. . . . [N]ew spatial divisions of labour represent whole new sets of relations between activities in different places, new spatial patterns of social organisation, new dimensions of inequality and new relations of dominance and dependence. Each new spatial division of labour represents a real, and thorough, spatial restructuring. There is more than one kind of 'regional problem'. (Massey, 1984:7–8).

It is important to acknowledge that Massey emphasizes the conflictual character of the processes through which the spatiality of the economy is established and so the significance of power relations, agency and practice – collective and not just individual – in the construction of economic geographies. As she puts it (ibid., 85) '[s]patial structures are established, reinforced, combated and changed through political and economic strategies and battles on the part of managers, workers and political representatives'. Nor are such struggles confined to the boundaries of national territories. While she was mainly concerned with the distribution of activities within the territory of the national state, this was clearly understood as part of a broader international geography of capitalist production, exchange and trade (for example, see Fröbel et al., 1980). Moreover, Massey emphasized that uneven development was not simply a product of social processes and an active moment in the dynamics of accumulation but that the character of place had a formative influence upon those same processes. As such, spatial divisions of labour were both a product of capitalist development but also simultaneously helped shape the form of that development and the dynamics of the accumulation process.

Consequently, Massey sought to link two sets of issues – one concerned with production and social class (drawing heavily, but not exclusively, on the work of Wright, 1978), the other with spatial organization, seeking to extend much of the existing literature on geographies of employment by relating the spatial distribution of jobs to the geographical organization of relations of production. She emphasized that the social structure of the economy and the social relations of production necessarily develop spatially 'and in a variety of forms' (Massey, 1984: 68) and that spatial structures and organisational forms are co-determining. She argues strongly that '[I]t is important to stress that there *is* a whole variety of ways in which capitalist production can be organized geographically and great variety in the way in which the relations of production can be structured over space' (Ibid.: 68). This insistence upon a variety of spatial forms is crucial (and links back to Harvey's point about multiple determinations and the lack of a unique determination). In many ways, Massey's work can be understood as an attempt to throw light upon this complexity, to further unravel these multiple determinations and better understand precisely why some activities and functions were located in some places but not in others, why some places experienced economic growth and others decline, as a result of corporate decisions about capital (dis)investment.

Given this potential enormous variety of spatial forms, Massey (like Harvey in focusing upon the trade-offs between location and technology) sets out a number of exemplary simplified structures. She focused upon three of these: locationally concentrated spatial structures, with no intra-firm hierarchies and all stages of the production process in the same location; cloning branch plant spatial structures; and part-process spatial structures. The latter two are both characterized by intra-firm hierarchies, by the location of different functions and activities within the firm in different places. However, whereas the second has cloned branch plants in a variety of locations, the third is characterized by different production functions (for example component production and the assembly of components into final products) in different places. These intra-firm hierarchies have two distinct components. The first is the spatial organization of the technical division of labour in terms of elements of the process of production, with a spatial separation of mental and manual labour and of work with different levels of skill and knowledge (for example, R&D in some regions, skilled manual work in others and unskilled or deskilled work in yet others). The second is the spatial organization of relations of ownership, possession and control. She makes the important point that differences between locations may well have influenced both the need for such hierarchies as well as the form that they have taken and have been a stimulus to the development of particular technical divisions of labour in such a way as to be able (literally) to exploit these locational differences (ibid.:74).

Importantly, she stresses that these three examples are 'fairly simple cases' and that these 'clear forms' are unlikely to be found very often in 'the real world'; furthermore, she is at pains to emphasize that 'the intention is not to set off a search for them' (Ibid.:76) – a stricture that others subsequently have not always heeded (see Chapter 25). However, Massey's work also indicated the ways in which particular types of region might become the location of particular industries and/or particular stages in production processes, and that many would be vulnerable as a result of bankruptcy, corporate decisions to close capacity, or to switch the location of routine production functions on the basis of production cost differentials. Thus regional economic decline could reflect a variety of processes, depending on the types of industry and function found in a region. Once again, the place-specificity of devalorization, in conjunction with the specifics of particular corporate strategies, becomes of central importance.

Regions characterized by industries in which all the functions of firms were co-located could suffer decline in output and employment due to the bankruptcy of those firms – or employment loss as a result of these firms switching activities with a low skill content to cheaper production locations while keeping higher order functions in the 'home' region. Some regions in which cloned branch plants were located could suffer loss of output and employment due to intra-firm competition between regions – some 'win' as others 'lose'. Such cloned branch plants are particularly vulnerable to closure when firms are faced with over-capacity and seek to bring productive capacity more in line with market demand. Similarly regions that were the location of component production or assembly within corporate organizational structures of part-processing could experience loss of employment and output as some existing plants were kept open while others were closed – or all existing plants making a particular component close as production is moved to a new region. In contrast to cloned branch plants, however, closure of a plant in a part-process structure will have knock-on implications for other plants – both those that supply it and those that form markets for its products. These examples by no means exhaust the variety of possible reasons for regional economic decline as a result of changing corporate locational preferences but they do indicate the variety of reasons and processes that may underlie observed decline in regional economies.

Massey was particularly anxious to clarify issues relating to branch plants, regional dependence and regional economic decline, illustrating the point by drawing distinctions between regions with cloned branch plants and those that were part of part-process organizational structures. She emphasizes that there are significant differences *between* these two spatial structures. In both, branch plants are subject to external ownership and control, 'but in the part-process structure, where there is both a managerial hierarchy and geographical separation of stages of production, regions 'lower down' the hierarchy will be subject to both external ownership and production dependence, and the effects of these two forms of subordination are very different' (ibid.: 101). Again, the point is that this difference is only one example of the ways in which corporate organizational structure and regional vulnerability to different forms of economic decline may interact. Regional economic fortunes are thus subject to corporate (dis)investment strategies that are subject to the strongly disciplining effects – if not quite iron laws – of market competition.

Finally, it is worth pointing out that at around the same time as Massey was developing her ideas about geographical structures of production and spatial divisions of labour, Alain Lipietz was coming to essentially similar conclusions on the basis of analyses of the spatial structure of the French economy (for example, see Lipietz, 1977) and indeed Massey acknowledges his work. Recognizing that the former distinction between Paris and 'the French desert' was no longer adequate for understanding the emergent spatial structures of the French economy, Lipietz arrived at a three-fold classification of regions within part-processing structures that reflected the differential distribution of functions and activities within the capitalist division of labour – R&D in the Paris region, skilled manufacturing in others and unskilled manufacturing in different regions. Lipietz (1978) also extended his analysis to spatial structures within service activities, the first analysis to do so. His work again made it abundantly clear why some regions would be prone to economic decline whilst others (in the French case, especially Paris) would continue to prosper (albeit on the basis of intra-regional uneven development). However, it was not until Lipietz's work began to be translated into English (see Lipietz, 1980) that it began to have a wider influence, an influence that burgeoned as he expanded his concerns to the international as well as intra-national divisions of labour (for example, see Lipietz, 1987) – an instructive example of issues of translation and the situations in which ideas will 'travel'.

REFLECTIONS AND CONCLUSIONS

Certainly the path-breaking contributions of Harvey and Massey (and indeed Lipietz) deepened understanding of processes of uneven development within capitalism, and specifically of processes of regional economic decline, in significant ways. Although their starting points are rather different, Harvey and Massey essentially come to similar conclusions about regional uneven development and regional economic decline. Companies use and create regional uneven development as an integral part of their competitive strategies. Seeking to lower production costs by introducing new technologies of production and radically new ways of working in existing industrial regions typically leads to job loss there. Productive capacity remains but at the price of employment decline. Alternatively, a company may seek to lower production costs by switching location. In this case, both capacity and jobs disappear. Such spatial switches in the location of production can constitute a 'weak' form of competitive strategy (that is, one that focuses on lowering the cost of production of mature commodities), designed to maintain 'old' ways of producing by moving them to lower cost base locations – and as a result often abandoning the 'old' industrial regions in which they had formerly been located. However, spatial switches can also be linked to the introduction of new technologies and a search for new locations with more attractive labour market conditions in which radical changes in ways of working can be more easily introduced (for example, because they have less unionized and/or militant workers unused to industrial work). For some time, the search for new locations has been global rather than intra-national, resulting in an endless scouring of the globe for cheaper production cost locations and/or shifting investment to emerging markets (for example, see Dicken, 2004). The net result is 'capital flight' from 'old' industrial regions in former core areas of capitalist production. At the same time, these regions are unsuitable as locations for 'strong' competitive strategies – that is, investment in innovative new products for which competition is based on aspects such as quality and originality rather than simply cost – for this sort of strategy is one that is typically present in core rather than in peripheral regions, which lack appropriate 'hard' and 'soft' infrastructures. Although regional policy makers seek to make these regions attractive to new 'knowledge-based' activities via a range of inducements, their efforts meet with, at best, limited success (Hudson, 2010) In this way, processes of uneven development are both reproduced and the economic composition and functions of regions increasingly qualitatively differentiated whilst geographies of production are altered, often radically.

While there were – and still are – very considerable strengths in the approaches set out by Harvey and Massey in the 1980s, both also have their limitations. These were in part self-imposed as they were seeking to set out ways of thinking about and understanding capitalist economic geographies, and as a result emphasized certain aspects while ignoring others in developing their theoretical perspectives. They were not seeking to give a comprehensive account of contemporary capitalist economic geographies but rather to specify the conceptual basis of and tools for such accounts to be developed. Harvey's analysis was developed at a high level of abstraction as he sought to delineate 'the limits to capital' and establish that uneven development was, as it were, genetically encoded in capitalist relations of production. As he made clear in a brief 'Afterword' many issues to do with the role of the state, forms of organization of capital, institutions and culture, for example, were left under-developed as a result. Massey was more concerned to explore the relationships between the variety of socio-spatial forms that capital could adopt and the constitutive and formative role of spatial difference in these processes. However, she too had surprisingly little theoretically to say about the state, especially given her emphasis upon the significance of the national territory and the national state as the prime political regulator of that space. While there are, for example, references to Bob Jessop's work, his important theoretical contribution (1982) on the capitalist state finds no mention. Furthermore, Massey paid comparatively little attention to issues such as out-sourcing and sub-contracting, mergers and acquisitions or strategic alliances and joint ventures and their implications for uneven regional growth and decline. Even so, let there be no doubt that their contributions remain of great value to contemporary economic geographers seeking to understand issues of uneven development and geographies of economic decline.

The last two or so decades since the appearance of these canonical works by Harvey and Massey have witnessed considerable change in economic geography. Not least, both have continued to develop their own work in innovative ways (for example, see Harvey, 1989, 1996: Massey, 1994, 2005; Allen et al., 1998). In addition, other economic geographers have led the way in the exploration of a variety of approaches including evolutionary economics, institutional approaches to the social sciences, regulationist accounts and the (so-called) 'cultural turn' (which are discussed elsewhere in this handbook and so are not discussed further here, although see Hudson 2001, 2004, 2005). In many ways these can be seen as responses to the approaches advocated by Harvey and Massey. In some cases this has involved attempts to elaborate and build on their work by more fine-grained analyses of uneven development and the socio-spatial organization of the economy, in others to put forward alternative and competing approaches.

There has been much work that has sought to understand the ways in which regions are produced as socio-spatial ensembles, with particular (unique) characteristics and the ways in which these relate to regions being incorporated into, and expelled from, circuits of capital and the accumulation process. Others have emphasized the role of knowledge and learning as the basis for regional economic success and the revival of depressed regional economies (see Chapter 18). There has also been increasing emphasis upon understanding the variety of corporate strategies, in exploring the rich variety of process, product and organizational innovations through which firms seek competitive advantage through strategies of ‘weak’ and ‘strong’ competition, of the ways in which firms both sub-contract production and form a variety of joint ventures or strategic alliances with other firms as part of organizational strategies, and the way in which companies seek to produce and use spatial difference in the production of profits (for a fuller discussion, see Hudson, 2001). As a result, there is now a more comprehensive knowledge of the ‘how’, ‘what’ and ‘where’ of production and a deeper understanding of the relations between corporate policies, regional development strategies and regional economic decline.

However, much of the work in economic geography in the last 15–20 years on both firms and regions has come to focus upon particular firms, industries or regions, giving ‘thick descriptions’ and often more powerful understanding of the specificities of particular cases. In the course of this, however, they have frequently lost meaningful connection with the broader political-economy in which these firms and regions are located and lack the sort of systemic perspective which the pioneering work of Harvey and Massey brilliantly opened up and elaborated. In short, while having much to say about the ‘how’, ‘what’ and ‘where’, typically this is at best loosely connected to the ‘why’ of capitalist production – an issue that was central to work of Harvey and Massey (and that of Lipietz) and a proper understanding of the evolving geographies of capitalist economies.

There is, therefore, much to be gained and learned from returning to this work and the systemic perspectives that it provides on issues of uneven development and economic decline. Failure to acknowledge the broader political-economic perspective that their work puts forward can lead to a serious underestimation in development strategies of the difficulties of regions escaping from marginalization and re-positioning themselves *vis a vis* the main circuits of capital in the global economy. Crucially, there are grave dangers in ignoring the sort of perspective that they developed that sees the process of capitalist development as combined *and* uneven through time and over space. For this can lead to a dangerous idealism that suggests that economic decline can be reversed by simply transferring the experiences and institutional and organizational forms characteristic of (temporarily) economically successful regions to economically less successful ‘problem regions’ so that all regions can be successful in a ‘win win’ world. This way of thinking is both theoretically inadequate and politically dangerous and as such something that should be avoided at all costs.

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