



Remaking the Global Economy

Edited by Jamie Peck and Henry Wai-chung Yeung

INDIAN OCEAN

REMAKING THE GLOBAL ECONOMY

ECONOMIC-GEOGRAPHICAL PERSPECTIVES

Edited by
Jamie Peck and Henry Wai-chung Yeung



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PREFACE

This collection has been assembled to mark the many contributions that economic geographer Peter Dicken has made in a professional career spanning three-and-a-half decades. It is testimony to the widespread respect and affection for Peter that no one we approached about contributing to this book, despite their busy schedules, hesitated before saying yes. Well, this is not exactly true. There was one contributor who was at first somewhat reticent – Peter himself. He has never been the one to blow his own trumpet and was understandably unsettled at the prospect of the two of us blowing it for him. But it soon became clear that none of us had any interest in producing a book that was retrospective or introspective, even if Peter deserves a little hagiography. Reflecting Peter's own approach, we wanted the book to look forward and outward, to take stock of what economic geographers have contributed to the 'globalization debate' and to explore new frontiers in this vibrant field of interdisciplinary engagement. And the book would also, we hoped, demonstrate some of the range and depth of what economic geographers can bring to the table in globalization studies. With contributions from Asia, North America and western Europe, the key issues explored in *Remaking the Global Economy* include the globalization of firms, people and capital (Part One), organizational learning and business knowledge, industrial districts and innovation systems (Part Two), and ideologies of neoliberal globalization and interactions between firms, regions and nation states (Part Three). The book therefore seeks to engage with some of the fundamental strands of the globalization debate, building upon Peter Dicken's compelling insight that globalization must be understood as an ongoing *geographical* project.

Today, the global economy is more complex and interdependent than ever before, for all the important historical continuities. The study of globalization is now firmly on the agenda across the social sciences. Economic geographers have developed distinctive perspectives on the globalization process, eschewing 'flat-earth' visions of homogenization and convergence in favour of more nuanced treatments of globalization as an uneven, differentiated and dynamic process. Globalization, in other words, has a geography and it is a geography that is on the move. This is where the chapters collected in this volume make their contribution. Notwithstanding the book's roots in economic geography, each chapter connects to and further develops interdisciplinary insights into the complex process of

economic globalization and its impact on the spatial organization of firms, markets, industries, institutions and regions.

The book is organized into three parts. Part One explores some of the fundamental ways in which global flows can be considered to be 'grounded'; Part Two unpacks the spatiality of global knowledge and learning; and Part Three analyses the reconfiguration of global rule regimes and their implications for territorial development. As a prelude to this, Chapter 1 assesses the contributions of Peter Dicken's work in relation to the interdisciplinary field of 'globalization studies'. Here, our aim is to outline how this particular economic-geographical perspective has enriched understandings of patterns and processes of globalization, together with the attendant ways in which global economic relations have been remade. Through the lens of Dicken's work, we also seek to identify some insights into how economic-geographical perspectives might be better integrated with the evolving field of 'globalization studies' in cognizant disciplines like global political economy, international economics, strategic management and international business studies. The chapter therefore opens up some analytical 'problematics' to be followed up by subsequent chapters.

One of the most intractable problems for contemporary studies of global economic change is the question of what exactly *flows* across territories and places in the form of globalization processes. The four chapters in Part One of this volume examine how these flows are geographically constituted, exploring the 'groundedness' of global flows of *firms*, *people* and *capital*. The spatiality and territorialization of globalization processes typically evades the analytical attention of most social scientists, though for many geographers these have been amongst the most important issues in play. In unpacking the spatiality of globalization, geographers have contributed to the understanding of how global flows are grounded in specific places, regions and territories. This grounding of global flows is important in economic-geographical studies for two reasons. First, without an appropriate appreciation of *where* globalization takes place (literally as well as metaphorically), a key explanatory dimension of globalization – as a set of tendencies or processes that (unevenly) bring together distant and disparate locales within an increasingly interdependent world – is missed. Second, the resultant networks of global connections should not be conceived as just 'hanging in the air', constituting an exterior and superordinate force to which localities and regions must respond. In some accounts, for example, globalization is caricatured as a highly abstract system of 'flows' operating across boundaries, places being reduced to mere nodes in these floating network-systems. Absent from this kind of sociological topography of globalization is an appreciation of the complex ways in which such flows, networks and connections operate unevenly across space, and how they 'touch base' to bring about growth, prosperity and development for some places, while marginalizing others.

In this sense, the four chapters in Part One provide a much-needed discussion of how global flows are grounded in historically and geographically specific formations. For Peter Dicken in Chapter 2, the 'global' corporation is somewhat less global than the name suggests because, despite their rapidly expanding foreign activities and investments, many of today's largest transnational corporations

(TNCs) are indeed grounded in specific places. In fact, 'global' corporations turn out to be quite deeply embedded in their home economies, culturally and economically. Dicken's analysis problematizes the globality of 'global' corporations, separating a complex reality from the business- and media-driven hyperbole. His concern to reveal the hidden geographies of globalization dovetails with those of Neil Coe, Philip Kelly and Kris Olds who, in Chapter 3, seek to make sense of the deepening 'cross-border' flows of people in relation to the production of transnational economic spaces. For them, the movement of people and the attendant reorganization of social networks across geographic space not only challenges the conventional, capital-centric view of globalization, but also opens up new horizons for analysing the groundedness of global flows of labour, expertise and social networks. Through two case studies of transnational flows of people grounded in the property and the information technology sectors, their chapter shows that globalization and transnationalism are different facets of the same profoundly geographical restructuring of economic activity.

An equally valid analytical strategy, of course, would focus on what might be thought of as the newly constituted 'remote' spaces in a globalizing world – the *marginalized spaces*. Marginalization is the other side of the geographical coin to the hypertrophied 'over-inclusion' of places like world cities and global financial centres. In globalization studies, the *sine qua non* for economic globalization is the hyper-mobility of financial capital. Paradoxically though, this very hyper-mobility is supported by a global financial architecture that is constructed around 'strong nodes' like global financial centres. The process of financial globalization, however, cannot be reduced to stories of Tokyo, London and New York, because exclusion and marginalization are just as much parts of this process. The two chapters by Roger Lee and Erica Schoenberger speak to these concerns by virtue of their analytical and empirical focus on marginalized and 'emergent' spaces within global flows of capital. They use different readings of actually existing globalization processes to raise searching questions about the sustainability of these processes. In Chapter 4, Lee analyses how the globalization of financial capital hinges on the construction of uneven development, producing what he terms the 'marginalization of everywhere'. Using emerging markets as the central theme, he demonstrates how certain economies and places are purposefully marginalized in the global (re)switching of different circuits of capital. The following contribution from Erica Schoenberger in Chapter 5 also explores some of the neglected spaces of globalization, tracing the emergence of a new field of international direct investment in environmental management. Through the case of a French TNC in the water and waste treatment businesses, she analyses how the globalization of environment management represents a key moment in capital's restless search for spatial and institutional 'fixes' in the face of inherent crisis tendencies. Again, this 'new frontier' for global corporations exhibits a very particular geography of unevenness, exclusion and concentration.

These close tracings of the globalization process at work stand in sharp contrast to the polarized accounts found in much of the globalization literature. Too often, this takes the caricatured form of a contest between two (apparently irreconcilable) positions – 'everything has changed, thanks to globalization' versus

‘nothing has changed, we’ve been there before’. Geographers have tended to cut a different path through the globalization debate. They have been rather less concerned with measuring quantitative change in the global economy, narrowly conceived, than with the causative foundations underlying these changes and the altered qualitative relations – especially between places – that they entail. The influential body of work that has been produced on technology, learning and knowledge is a prime illustration of such concerns. The transposition of technologies across space remains highly problematical, not least because the spatial transfer of knowledge and practices is inherently connected to the social organization of these technologies and their variable embeddedness in networks, organizational practices and places. Modes of social learning and technology transfer are constituted both geographically and through network relations.

The four chapters in Part Two critically assess the spatiality of global learning and knowledge from economic-geographical perspectives. In Chapter 6, Meric Gertler contributes to the recent debate around the convergence-divergence of different ‘varieties of capitalism’ in the global economy. He reveals how the processes of cross-border learning and practice are shaped by the cultural and institutional specificities of different places. Supporting Dicken’s arguments in Chapter 2, Gertler concludes that the spatial life of learning and knowledge significantly constrains the ‘globality’ of firms. In a parallel fashion, Ash Amin in Chapter 7 explores the spatiality of tacit learning in distributed organizations, identifying qualitatively differentiated spaces of corporate learning within the globalizing economy. Focusing on the everyday interactions in globalizing organizations, he questions the deterministic view of spatial proximity in organizational learning and proposes, instead, a more relational view of the interaction between space and learning. Here, he shows analytically how organizational learning occurs through the emergence of different ‘communities of practice’, drawing on spatially ‘stretched’ connectivities. On the one hand, relational proximity makes it more difficult to ground global connections because it exists in organizational rather than physical spaces. On the other hand, however, different spaces of tacit knowledge and practices can be brought together through relational proximity among actors.

In Chapter 8, Nigel Thrift takes on some of these claims on the nature of everyday learning and knowledge, drawing attention to what he sees as a proliferation of new practices of capitalist power – what he calls the might of ‘might’. He contends that new forms of creativity and standardization enable new possibilities for firms and organizations to (re)engineer space and time in the service of greater returns and profitability. Focusing on different circuits of spatial and temporal knowledge, he theorizes how we might think of global knowledge in radically different spatial and temporal terms. In Chapter 9, Anders Malmberg examines one peculiar form of spatial arrangement, clusters, in order to demonstrate the importance of both local milieus and global connections in the processes of social learning and knowledge transfer. In recent years, geographers have (re)discovered several spaces in which globalization processes appear to touch base. Since Alfred Weber and Alfred Marshall, agglomeration has occupied a special place in the nomenclature of economic geography (and, more recently, in the

‘geographical economics’ of Paul Krugman and Michael Porter). The growth and development of industrial clusters and similar forms of concentrated territorial development seems to reaffirm the role of agglomeration economies. The variegated capacities of recently emergent agglomerations in ‘holding down’ global flows, however, have only been explored in rather stylized terms. Malmberg insists on the need for greater clarity in the analysis of cluster dynamics, especially relating to the global connections of actors in these clusters.

Economic globalization is clearly not just about a set of material processes operating across national boundaries. As Part Three of the volume demonstrates, these processes are also located in the *ideological* realm, since ‘globalization’ is in part a political project focused on the reconfiguration of global rules and regimes. Countering the pervasive conception of globalization as a triumphal ‘end state’ of market capitalism, a wide range of social theorists have contended that processes of globalization must instead be understood to be politically mediated, socially structured and discursively framed. Political-economic discourses relating to issues like the evisceration of the state, the imperatives of labour-market flexibility and trade union ‘realism’, or the necessity of ongoing liberalization in trade and financial markets, even if they are presented as naturalized ‘facts of life’, do not spring automatically from some underlying economic logic. Instead they must be understood to be socially produced discourses that reflect, serve and help realize political-economic interests. By insistently questioning the politics of globalization, geographers have helped to specify the causal agency of globalization processes, their inescapably political construction and their variable concrete manifestations.

In Chapter 10, Adam Tickell and Jamie Peck explore the theoretical and political status of neoliberalism in remaking the global economy. The ascendancy of neoliberal ideologies in the course of the last three decades has shadowed the intensification of ‘real’ globalization processes in the economic realm, such that ultimate causality and logic priority are difficult to determine in any kind of unambiguous way. Orthodox globalization narratives and neoliberal political discourses both tend to privilege ‘market rule’, presenting this as a self-evident and practically irresistible future. In a sense, then, neoliberalism and globalism are mutually naturalizing discourses. There is a need to deconstruct both of these discourses in the context of contemporary political-economic conditions. In reality, neither globalism nor neoliberalism are as totalizing and monolithic as they may seem at first, despite the fact the effects of both are undeniably pervasive. Tickell and Peck make the case for a close interrogation of the neoliberal political project in a way that is sensitive to its very uneven geographies and its complex evolution over time. They also contend that the ideological dynamics of the *process* of neoliberalization cannot be reduced to the aggregate effects of merely ‘local’ political agency (as if, say, Thatcherism + Reaganomics ... = neoliberalism), but must be traced out in ways that are attentive both to the ‘generic’ character of neoliberalism and its local manifestations.

These issues relating to the remaking of the global economy through neoliberal globalism are further explored and interrogated in the following three chapters. In Chapter 11, Amy Glasmeier and Michael Conroy trace the evolution and governance of the emerging global trade regime. They make a powerful

argument for an economic-geographical perspective on the tradeoffs and effects of the trade regime, which tends to exclude most developing countries from the potential upsides of globalization. More specifically, they examine the contested legitimacy of the World Trade Organization, the high-handedness of the US Trade Representative's Office and the over-reaching claims of wealthy countries concerning the use of natural resources and the management of intellectual property rights. These are the kinds of policy questions on which economic geographers can, and should, be making a mark. In making such a mark, a premium will be placed on the kinds of grounded knowledges of the global that are a key feature of economic-geographical contributions.

The last two chapters by Neil Brenner and Ray Hudson focus on ongoing development in urban governance and production systems in an integrating Europe. In Chapter 12, Brenner examines urban entrepreneurialism in western Europe in relation to the ongoing processes of economic globalization, European integration and the crisis of the Keynesian welfare national state. He draws upon Bob Jessop's strategic-relational approach to develop a spatialized state theory, arguing that recent transformations reflect a deepening neoliberalization of urban politics. Brenner also underscores an important exception to the claims of ultra-globalists: nation-states in western Europe are not 'captives' of globalization processes; they are key institutional players in these processes. The way in which governmental institutions enact globalization processes – at scales ranging from the urban to the supranational – is represented here as a new form of 'state spatial strategy'. Many of these observations on urban transformations in western Europe are echoed in Ray Hudson's analysis of global production systems and European integration. In Chapter 13, Hudson argues that rapid transformations in production systems within Europe are as much outcomes of corporate strategies, orchestrated from the headquarters of 'global' corporations, as they are consequences of changing political-economic circumstances of Europe. His analysis shows once again that firms and states are very much active agents in remaking the global economy; they are certainly not merely passive actors in, nor are they simply victims of, abstracted globalization processes. By the same token, the process of European integration is not producing a flattened economic landscape in which equilibrating forces hold sway, but on the contrary, is generating new forms of uneven spatial developments and new landscapes of political-economic power.

The contributions collected here, then, underline the distinctiveness of economic-geographical perspectives on the globalization process, a field that has been profoundly shaped by Peter Dicken's work. We hope that *Remaking the Global Economy* will stand as one of the many markers of Peter's conspicuous contributions, while also opening up new terrains for spatialized globalization studies. On a more personal note, our editor at Sage, Robert Rojek, deserves special thanks for his faith in this project, which at times must have sorely been tested by us. And we are grateful also to our contributors for enduring the torrent of emails and for always responding so positively. Nick Scarle has diligently drawn some of the figures at very short notice. Finally, and on behalf of the contributors as well as ourselves, we would like to think that this volume represents a modest down-payment on the debts – both personal and professional – that we owe Peter. There

will always be a little bit of Manchester in the two of us, and more than anyone it was Peter who put it there. As well as teaching us how to do economic geography, he showed us how to enjoy it at the same time. And it is thanks to Peter that we still both wince every time we see a split infinitive. (If there are any here, it is because we left them in on purpose.) He has been his usual, quietly supportive self during the production of this book, even though there was a sense in which the very thought of it seemed to unnerve him. In a sense, though, this made the project even more enjoyable. We always said that Peter couldn't retire until this book came out, which just added to the list of excuses we were accumulating for delaying publication. Now it's out, it is a nice thought that maybe he'll take it with him on that first, symbolic walk to the Post Office.

Jamie Peck and Henry Yeung
Madison and Singapore/Manchester

INTRODUCTION

Chapter 1

MAKING GLOBAL CONNECTIONS A GEOGRAPHER'S PERSPECTIVE

Henry Wai-chung Yeung and Jamie Peck

FROM SPATIAL ORGANIZATION TO *GLOBAL SHIFT*: CONTEXTUALIZING THE WORK OF PETER DICKEN

The study of global economic transformation has become a central concern to virtually all disciplines in the social sciences and beyond. Economic geography has played an important role in these conversations and there have been few more important voices than that of Peter Dicken. Peter can be credited with putting globalization on the agenda in economic geography, while also serving as one of the discipline's most influential advocates in fields like international economics, global political economy and international business studies. And while he has been an intellectual pioneer, he has never been content to sit still. Echoing Peter's approach, this book seeks to push forward and look beyond existing frontiers, though we have allowed ourselves one exception to this rule. This chapter underlines the central motive for the volume by sketching a genealogy of Dicken's work. We present a brief historical survey of key research themes in the debate around global economic transformation in the period since the 1970s. We identify some of Dicken's key contributions in economic geography and the geography of international business and assess these in relation to how major debates have been moving in cognate disciplines. Our primary focus is on assessing Dicken's research impact on the ways in which we think about the global economy. In this context, we will not dwell on his significant contributions to teaching and to the academic profession more generally.¹ Interrogating key issues in the globalization debate through the lens of his work might be seen by some as a partial approach, but what is striking in the examination that follows is just how many of the critical questions in this debate were foreshadowed by his work.

Dicken tackles globalization research in a distinctive way. His work is measured and careful but not unnecessarily cautious; it is authoritative but not declaratory; and it combines a grasp of complexity with a parallel insistence on clarity. In substantive terms, his work does not re-circulate 'flat-earth' visions of globalization as an homogenizing force, but instead tenaciously interrogates a complex set of transformative processes. And while it is, perhaps, an occupational hazard in the field of globalization studies to succumb to hyperbole and exaggeration, this is another reason why his work stands out. Globalization, the epitome of a 'big picture' issue, is handled here with subtlety and dexterity. Dicken's work speaks to the globalization debate, therefore, in distinctive ways – stylistically as well as substantively. Our focus on his signal contributions to this broadly based and diverse project is consequently unapologetic, for it opens up a range of issues around the conceptual formation of what we might now call 'globalization studies' and the associated interdisciplinary research agenda.

At some risk of oversimplification and caricature, we discuss the main themes and contributions of his published work with reference to four sequential phases beginning in the early 1970s:

- 1 spatial decision-making, external control and regional development;
- 2 global shifts, transnational corporations and industrial change;
- 3 firms, states and global networks; and
- 4 global production networks, territorial organization and relational analysis.

We focus on the underlying conceptual arguments, frameworks and apparatuses that have been developed in Dicken's work. While a notable feature of these contributions is the way in which central themes and contentions are supported and illustrated through detailed empirical investigation, we can only concentrate on some of the central themes and connections, linking them to parallel developments in the interdisciplinary research effort around globalization studies. In a number of important respects, Dicken's work has been ahead of the curve here, but it has also been reciprocally receptive to debates and conceptual insights from a range of social science disciplines. This pathway through the globalization debate is revealing both in terms of the lineage of Dicken's work and as a means of narrating the evolution of the debate itself.

ORIGINS: SPATIAL DECISION-MAKING, EXTERNAL CONTROL AND REGIONAL DEVELOPMENT

Trained as a 'location theorist' under the tutelage of David M. Smith during the mid 1960s, Dicken's early empirical research focused on clothing firms in Manchester, England. During the late 1960s and through the 1970s, his

intellectual reputation and disciplinary identity was shaped, in part, by his productive research partnership with Peter Lloyd, including their successful textbook on location-theoretic economic geography (Lloyd and Dicken, 1972; 1977; Dicken and Lloyd, 1990). Significantly, this statement of the theoretical orthodoxy came from two writers who were beginning to see the limitations of neoclassical economic geography. In Dicken's case, this came in the form of an early engagement with behavioural economics and organizational theory. His research contributions during the 1970s marked a significant departure from the prevailing mainstream thinking in economic geography and regional studies.

By the end of the 1950s, neoclassical notions of the firm within economic systems had been seriously challenged by a group of behavioural scientists led by Herbert Simon and James March. Neoclassical assumptions of perfect rationality and information amongst economic actors, the so-called *homo economicus*, seemed increasingly misplaced in a world of bounded rationality and uncertain information. Influenced by these notions of behavioural constraints on human decision-making, Dicken (1971; 1977) began to question some of the central nostrums of neoclassical location theory – the conceptual mainstay of economic geography during the 1960s (e.g. Haggett, 1965). The 'quantitative revolution' in economic geography and regional science had established spatial analysis and methodological individualism as the approaches of choice. Scott (2000: 23) observed that in North America, 'spatial analysis and regional science reached the zenith of their influence some time in the late 1960s and early 1970s'.

Having spent most of the 1969–1971 period in Ontario, Canada, where he continued to work on his survey data on clothing firms in Manchester, Dicken's first major article was published in *Economic Geography* in 1971. Examining aspects of the *spatial decision-making behaviour of firms*, he noted then an 'increasing dissatisfaction with the highly constrained and artificial behavioural component of normative theory' (1971: 426). This article reflected a degree of scepticism concerning the methodological and theoretical conventions of regional science. Instead, Dicken drew on insights from behavioural science and organization studies, especially in systems analysis, organization theory and communications theory. As shown in Table 1.1, this initial intervention was to contribute to economic geography in several ways. First, the article conceptualized firms as open systems 'operating within, and interacting with, an external environment' (Dicken, 1971: 427; emphasis omitted). This suggestive conceptualization of firm-environment interactions within a dynamic system was part of a wider body of work that was opening up new approaches to industrial and enterprise geography (e.g. Hamilton, 1974). And many of these insights remain relevant to today's research initiatives, particularly in strategic management and organization studies, where there is a continuing concern to unpack neoclassical conceptions of the firm as a 'black box' responding purely to price signals and market mechanisms. Distinct echoes of this work can also be seen in the recent resurgence of interest in the firm in economic geography (see Taylor and Asheim, 2001; Yeung, 2001).

Second, the article contributed to a behavioural theory of the firm in the way that it linked decision-making capabilities to internal organizational structures. As

Dicken (1971: 427) argued, '[t]he larger the organization the more complex is its internal structure likely to be and ... this has important decision making implications.

Table 1.1 Main contributions of Peter Dicken to interdisciplinary studies of global economic change

Key Works	Core Concepts	Related Disciplines	Main Impact
1970s			
Dicken (1971; 1977) Dicken (1976)	<ul style="list-style-type: none"> • the firm as a system • the environment of the firm • external control of regions • transnational corporations and business strategies 	<ul style="list-style-type: none"> • behavioural sciences • industrial economics • organization studies • business history • regional studies • industrial organization • development economics • strategic management 	<ul style="list-style-type: none"> • growth of behavioural (economic) geography • spatial decision-making behaviour of firms • widely cited paper (citation classic) • external control of firms and regions less important than its exercise • control depends on spatial units and scales of firms and their organizational variables
1980s			
Dicken (1986a; 1990a)	<ul style="list-style-type: none"> • global shift • global industrial change • globalization • transnational corporations and their FDI activities 	<ul style="list-style-type: none"> • industrial economics • economic sociology • development studies • international business • strategic management 	<ul style="list-style-type: none"> • widely cited book (citation classic, 1988§–2002) • industrial change to be understood in relation to broader global processes • studies of TNCs and foreign direct investments in geography and other social sciences
1990s			
Dicken (1992a; 1998a) Dicken (1992b; 1994; 1997; 1998b) Dicken et al. (1997a) Olds et al. (1999) Dicken and Thrift (1992) Dicken et al. (1994) Dicken and Miyamachi (1998) Dicken and Yeung (1999)	<ul style="list-style-type: none"> • global shift • globalization • political economy of firms and states • local embeddedness of firms • networks and organizations 	<ul style="list-style-type: none"> • global political economy • international economics • international business • economic sociology • strategic management • urban and regional studies 	<ul style="list-style-type: none"> • very widely cited book (quadruple citation classic, 1992–2001) • <i>Global Shift</i> widely recognized as one of the best books written on globalization • Paper in <i>Economic Geography</i> (1994) well recognized in management (see Kobrin, 2001) and reproduced in <i>Advances in Strategic Management</i>, 1994. • widely cited paper in economic geography • first in geography to expound embeddedness and networks

Table 1.1 continued

2000–			
Dicken (2000)	• firm-territory relations	• regional studies	• understanding regional development and the territorial aspects of firm activities
Dicken and Malmberg (2001)	• global production networks	• studies of innovation	
Dicken et al. (2001)	• relational perspective on the global economy	• strategic management	
Henderson et al. (2002)		• development studies	• potential theoretical framework for analysing the global economy
		• global political economy	
		• economic sociology	

This early investigation into the complex interrelationships between internal organizational structures and corporate decision-making capabilities of firms, not only opened up questions for subsequent research on the geographies of enterprise, but also had clear parallels with developments then in transaction costs economics (e.g. Williamson, 1970; 1975) and strategic management (e.g. Stopford and Wells, 1972).

Third, the analysis of spatial decision-making behaviour of *very large* business organizations in this article foreshadowed an enduring concern with transnational corporations (TNCs) as movers and shapers of global economic change. For example, Dicken (1971: 431) noted that ‘most large business organizations possess a highly developed and sophisticated adaptive structure... In some cases, actively searching the environment for new business opportunities may be an established part of the firm’s operations.’ These early conceptions of organizational capabilities in information gathering/processing and decision-making within large firms found strong parallels in the still embryonic theories of multinational enterprises, in particular Hymer’s (1960/1976) market power theory, little known until its posthumous publication in 1976. While Dicken’s conception of large business organizations did not precede Vernon’s (1966) product life cycle hypothesis of international investment, it certainly anticipated numerous other theorizations of foreign direct investment (FDI): the internalization theory (Buckley and Casson, 1976), the eclectic framework of international production (Dunning, 1977), the information-processing theory (Egelhoff, 1982), and the organizational learning perspective (Barkema and Vermeulen, 1998).

During the second half of the 1970s, Dicken moved on from this early concern with the spatial organization and decision-making behaviour amongst large firms to focus more explicitly on the organizational structures and business strategies of *transnational corporations*. The 1970s witnessed the growing (inter)penetration of different national economies by TNCs via their FDI activities. These processes of corporate internationalization were especially visible in the UK economy, which since the nineteenth century had been ‘globalized’ in one way or another. And it is hardly far-fetched to say that material conditions in Dicken’s ‘home base’ – the classic industrial city of Manchester – exposed these processes in a particularly vivid form: a city-region that was once on the controlling end of the globalization process, as the ‘Cottonopolis’ of the nineteenth century, now found itself very much on the receiving end, as a focus for American investment in Europe

and, starting in the early 1970s, as a space of deindustrialization and restructuring (see Dicken, 1976; 1980; 2002; Dicken and Lloyd, 1976; 1980). Internationalization was nothing new in this region, but neither – quite clearly – was it a timeless and unchanging process. There were indications, in fact, that the qualitative form of the internationalization process was beginning to change in the 1970s as spatially integrated production complexes were formed and as transnational corporations extended their reach.

In 1970, there were about 7,000 TNCs in the world and more than half of these TNCs were based in the US and the UK (UNCTAD, 1994). By the mid 1970s, FDI was increasing at a faster rate than world trade for the first time, whilst in a subtle way international production increasingly came to resemble international trade, since many countries were beginning to regard TNCs less as a kind of ‘threat’ and more as a potential means of capturing the upside benefits of the international division of labour and the globalization of markets (Dunning, 1993). Of the numerous competing theories of multinational enterprises and FDI, only Hymer’s (1960/1976) market power theory sought to explain the effects of FDI on regional development – the ‘external control’ of the local/regional economy. In explaining why national firms were involved in international operations, Hymer (1960/1976: 23) argued that the desire to *control* foreign operations was a key motive: ‘[i]f we wish to explain direct investment, we must explain control’. He explained this trend towards international production by the desire of national firms to gain or maintain their oligopolistic advantages and market power over certain market imperfections abroad.

Situating his research in these theoretical and empirical contexts, Dicken published his highly cited paper on *external control* by multiplant business enterprises and regional development in *Regional Studies* in 1976 (see Table 1.1). In geographical terms, he problematized the ‘external’ in external control and argued that the key to defining external control lay with understanding ‘the actual or potential clash of interests between the goals of multiplant business enterprises, many of which now operate on a global rather than a national scale, and the interests of local communities’ (Dicken, 1976: 404). These tensions between managerial control, capital mobility and community interests would later represent one of the central analytical and political motifs of the emergent wave of ‘restructuring’ studies (e.g. Massey and Meegan, 1979; Bluestone and Harrison, 1982). A further distinctive characteristic of Dicken’s work at this time was the way that it problematized the issue of spatial scale, for the operation of TNCs ‘across scale’ raised the vexing question of the real nature and consequences of ‘external’ control (see also Brenner and Hudson, in this volume). More specifically, he argued that the size of the spatial unit (regions, nations and so on) is critical to how we define ‘external’ control.

In organizational terms, Dicken (1976) unpacked the meaning of ‘control’ in external control. Ownership structures and national origins, for example, would tend to influence both the nature and extent of external control. Similar arguments have been taken up recently in international political economy and organization studies in relation to the issues of divergent capitalism(s) and business systems (see Dicken and Gertler, in this volume). Dicken (1976: 406) observed that ‘United

States owned firms tend to be larger, more capital intensive, and more highly concentrated in certain economic sectors than domestic [British] firms'. He further pointed out, however, that to determine the exact extent of control, we need to pay attention to specific business functions (e.g. finance, marketing, and manufacturing) and organizational variables (e.g. size and sector). The latter point about parent-subsidiary relationships as an organizational variable is particularly important in view of the recent resurgence of research interest in subsidiary initiatives in management and international business studies (e.g. Birkinshaw and Hood, 1998) and economic geography (e.g. Phelps and Fuller, 2000; Yeung et al., 2001).

There were also implications for strategic management, given the strong connections between corporate strategy and organizational structure/control (see Bartlett and Ghoshal, 1989; Gupta and Govindarajan, 1991; 2000). In Dicken's (1976: 410) words,

the impact of multiplant enterprises on geographical space is a function of far more than just the pattern of control, whether potential or actual. Certainly control is important, but it cannot be divorced realistically from the strategy being followed by an enterprise and the structure it has evolved to implement that strategy.

It was during the 1970s, then, that Dicken broke from the neoclassical fold, opened up the black box of the business enterprise and posed new questions about the meaning of 'external control', drawing creatively on behavioural science, industrial economics, and strategic management. His most significant contribution to subsequent studies of global economic change came from the conceptual innovations that connected spatial outcomes and regional development on the one hand to the strategy and behaviour of business organizations on the other. This, in turn, set the stage for Dicken's focus during the 1980s on transnational business strategies and the global geographies of industrial change.

GLOBAL SHIFTS, TRANSNATIONAL CORPORATIONS AND INDUSTRIAL CHANGE

While maintaining his empirical research interests in the organization and impact of TNCs and the role of FDI in regional development (see Dicken, 1980; 1982; 1983; 1986b; 1987; 1988; Dicken and Lloyd, 1980), Dicken's most significant intervention of the 1980s was the publication of his first single-authored book *Global Shift* (Dicken, 1986a). Now in its fourth edition (Dicken, 2003), it has become one of the most widely used texts in the interdisciplinary study of global economic change (see Table 1.1). Comprehensive and ambitious, but at the same time eloquent, *Global Shift* can claim to be one of the pioneering globalization texts. Intentionally 'global' in perspective, the book aimed 'to describe and to

explain the massive shifts which have been occurring in the world's manufacturing industry and to examine the impact of such large-scale changes on countries and localities across the globe' (Dicken, 1986a: vii). In this context, the main contributions of *Global Shift* can be traced in the following strands of literature: (1) spatial divisions of labour and global industrial change; (2) globalization studies; (3) international business studies.

Spatial divisions of labour and global industrial change

The period since the early 1970s had been one of turbulence in the international system. It was rapidly becoming clear that the global economy was undergoing an accelerated phase of restructuring, if not transformation, triggered amongst other things by the oil crisis in 1973 and the collapse of the Bretton Woods system of fixed exchange-rate regimes (see Tickell and Peck and Glasmeier and Conroy, in this volume). Manufacturing industries bore the brunt of these pressures. Indeed, such were the dramatic changes in the organization and geography of industrial activity that scholars in development studies began to talk in terms of a *new international division of labour* (NIDL) in which industrial production was seen to be shifting irreversibly from developed, industrialized economies to developing countries (Fröbel et al., 1980). *Global Shift* interrogated the central claims of the NIDL thesis, which at the time was on the way to becoming a new orthodoxy. Dicken's detailed analysis of the *range* of spatial and organizational shifts at work across different branches of manufacturing raised fundamental questions about the essential storyline of the NIDL thesis and its associated causative-cum-predictive claims. Through detailed case studies of four industries undergoing different kinds of global transformation (textiles and clothing, iron and steel, motor vehicles and electronics), Dicken (1986a) unpacked the over-generalized NIDL account, in part by pointing to the intervening effects of sector- and firm-specificity. Analytically, this provided the basis for a much more nuanced and multi-layered understanding of the processes of extra-national industrial change.

During the later part of the 1980s, another new literature was beginning to raise provocative questions about the process of global industrial change. This focused on the (allegedly systemic) transition from Fordism to post-Fordist flexible specialization (e.g. Piore and Sabel, 1984; Scott, 1988a). The post-Fordism debate foregrounded structural changes in the capitalist world economy, examining conditions surrounding episodic shifts in its dominant modes of accumulation and regulation. The movement towards post-Fordism was held to be leading to a series of profound changes in the technological, social, economic and territorial organization of production. Characterizing these in quasi-regulationist terms as 'technological-institutional systems', Scott and Storper (1992: 6) argued that their associated transformative processes were both historically and geographically specific. Although Piore and Sabel's (1984) seminal work *The Second Industrial Divide* was not cited in the first edition of *Global Shift*, Dicken was also thinking in terms of potentially transformative shifts in the macro structures of accumulation,

though he continued to distance himself from more explicit post-Fordist arguments. *Global Shift* examined putatively systemic shifts in the context of a fourth Kondratiev wave during which ‘really substantial *global* shifts in manufacturing production and trade have become apparent’ (1986a: 22; original italics). Drawing upon the product life cycle theory, Dicken (1986a: 105) identified two major trends in the global production process in the 1980s:

- 1 an increasingly fine degree of specialization in many production processes, enabling their fragmentation into a number of individual operations;
- 2 the growing standardization and routinization of these individual operations, permitting the use of semiskilled and unskilled labour.

Backed by detailed data on Ford and other automobile manufacturers, Dicken (1986a: 289–312) explored how flexible production systems had transformed the corporate strategies of automobile TNCs and the organization of the automobile industry itself: ‘despite an undoubted degree of geographical dispersion of car and component manufacture by TNCs to developing countries, its extent and depth remain far more limited than might be expected from the nature of the motor vehicle industry itself’ (1986a: 311). Extending his analysis to the electronics industry, Dicken (1986a: 336) observed ‘the emergence of a remarkable geographical cluster of semiconductor and high-technology industries displaying all the characteristics of the classic Weberian locational agglomeration’. Of course, such arguments would later become central to emerging work on the locational logics of post-Fordism, debates around which were to play such an important role in the development of economic geography between the late 1980s and the mid-1990s (see Gertler, 1988; Tickell and Peck, 1992; Yeung, 1994; Scott, 2000).

Globalization studies

A second major strand of literature to which *Global Shift* has made a significant contribution might be broadly termed *globalization studies*. The concept of globalization has its obscure origins in French and American writings in the 1960s (see Held et al., 1999). Taylor et al. (2001) associated the ascendancy of ‘globalization’ as a millennial keyword with the formative statements of such business gurus as Levitt (1983) and Ohmae (1985; 1990). Although Taylor et al. (2001: 1) also noted that ‘any intellectual engagement with social change in the twenty first century has to address this concept [globalization] seriously’, geographers had rarely engaged with the globalization debate until the publication of *Global Shift* in 1986. While Dicken discussed the work of Levitt (1983), he also engaged with a range of earlier contributions on the internationalization of capital (e.g. Palloix, 1975; Harvey, 1982). Dicken’s approach would characteristically focus on ‘the emergence of a highly interconnected and interdependent *global* (rather than merely international) economy’, in the context of which he went on