

Non-Economic Factors in Economic Geography and in 'New Regionalism': A Sympathetic Critique

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Abstract

In the current debate on local and regional development and after several 'turns', dominant critical models have found some security in institutional, cultural and evolutionary approaches. Interest today centres on success and competitiveness and how they are reproduced in a few paradigmatic regions. A distinctive feature of these regions and places is the embeddedness of certain non-economic factors such as social capital, trust and reciprocity based on familiarity, face-to-face exchange, cooperation, embedded routines, habits and norms, local conventions of communication and interaction, all of which contribute to a region's particular success. Although these approaches may not deny the forces of the capitalist space economy, they do not explicitly acknowledge them or take them on board and so they tend to discuss non-economic factors and institutions as autonomous forces shaping development. This essay provides a critique of these concepts based on their (1) inadequate theorization, (2) depoliticized view of politics and de-economic use of economics and (3) reduction of space to territory. The essay concludes that we need a far more penetrating renewal of radical critique of the current space economy of capitalism. Old concepts such as uneven development, the social and spatial division of labour, the geographical transfer of value, accumulation and imperialism must be combined with cultural and institutional issues, with those non-economic factors mentioned above.

Introduction

During the last 15 years and after several 'turns', dominant models of critical economic geography and regional development have found some security in institutional, cultural and evolutionary approaches. This conceptual shift, at least in Europe, coincided with — and some argue it was inspired by — major policy shifts, from the loss-making rural and mining regions and old industrial areas that attracted interest in the 1960s and 1970s, to new technologically advanced and competitive 'networked' and 'learning' regions in the late 1980s and 1990s. Parallel to the more traditional approaches of agglomeration economies, transaction costs and external economies, researchers and policy-makers explored the significance of some non-economic factors such as knowledge (codified and tacit), learning (in various forms), networking, social capital, reciprocity and trust,

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in order to explain why some regions are more dynamic than others. Some researchers have also tried to connect these non-economic factors and regional dynamism in some parts of Europe with a more progressive and democratic regional political environment. There is no doubt that these approaches have opened valuable debates within the academy and achieved a major policy impact on various bodies from local and regional development agencies to the EU and the World Bank, among others. There is today, more than ever before, an awareness of the spatiality of social life across disciplines and across policy-makers, in which these institutional, cultural and evolutionary spatial development models play a role.

Although I am generally sympathetic with this project, I also have major reservations. In the early 1990s I thought that these turns and these models could help us to enrich our radical agendas — as was the case with the feminist and ecological critiques in the 1970s. Today, however, following theoretical developments and policy recommendations, I believe they have come to a dead end and often their treatment of non-economic issues is highly compatible with a neoliberal view. Here I am not referring to the straightforward neoliberal views promoted by the EU and the World Bank concerning learning, networks and social capital, but to those approaches — named Critical Geography (CG) and New Regionalism (NR) — that have accepted uncritically these new concepts because they found ‘old’ understandings of uneven capitalist development based on various versions of Marxist political economy too structured, deterministic or restrictive of human action and political intervention (see, among others, Scott and Storper, 1988; Storper, 1997; Cooke and Morgan, 1998; Amin and Thrift, 2005; and for responses see Hudson, 2005; Smith, 2005).

There are many debates around these issues, and we may recall Markusen’s (1999) intervention about ‘fuzzy concepts’ in critical regional studies where she addressed important questions about methodology and theory, and the responses by Peck (2002), Hudson (2002) and Lagendijk (2003). Other critiques include those on learning and knowledge regions (Hudson and Odgaard, 1998; Hudson, 1999), on New Regionalism (Lowering, 1999; McLeod, 2001), on networking and network regions (Leitner *et al.*, 2002; Smith *et al.*, 2002; Coe *et al.*, 2004; Simonsen, 2005; Hadjimichalis and Hudson, forthcoming) and others. In what follows I will limit myself to those non-economic factors associated with social capital, reciprocity and trust, which are used extensively as explanations of regional dynamism by CG and NR but have attracted less attention. In so doing, I will discuss three major problems: first, the inadequate theoretical departures of these studies; second, how the particular use of these concepts depoliticizes politics; and third, how their treatment of socio-spatial relations reduces space to territory. Finally, I will sketch briefly an alternative radical conceptualization to open the debate rather than proposing what ought to be done.

Social and cultural issues in Critical Geography and New Regionalism

Economic geography and regional studies in the Anglo-American world, including some Marxist approaches, have tended to define their subject matter in terms of what they see as the ‘purely economic’ and to exclude social and cultural factors from their analyses. In this respect, the current analysis of the economic process as also a socio-cultural one and the central placement of institutions is a welcome shift of interest. We have to remember, however, that in other scientific traditions and in other languages the treatment of economic issues separately from social and cultural issues was never as distinct and strong as in the Anglophone world. In Southern Europe, for example, the Gramscian tradition and the ‘cultural hegemony’ concept, as well as the strong analytical emphasis on the informal sector, helped to retain the linkages between economy, culture and society (Vinay, 1985; Ybarra, 1986; Vaiou and Hadjimichalis, 1997; Vaiou, 2005).

In addition, the existence of leftwing debates outside major political parties and the development of urban alternatives beyond the institutionalized framework of local politics, kept the flame of radical spatial policies alive (European Social Forum-Greek Section, 2004; Transform Italia, 2004). In Nordic countries also, thanks to their strong social-democratic tradition, the symbiosis of culture, society and economy remained a distinct characteristic of human geography and regional studies (Öhman and Simonsen, 2003; Simonsen, 2003) and this has stirred an early interest in non-economic factors in development studies which remains alive until today. It is appropriate, therefore, to remember what Gynnar Myrdal wrote as early as 1957:

Economic theory has disregarded . . . non-economic factors and kept them outside the analysis. As they are among the main vehicles for the circular causation in the cumulative processes of economic change, this represents one of the principal shortcomings of economic theory (Myrdal, 1957: 30).

Today few will deny that economic activity is socially, culturally and institutionally situated: it cannot be explained by reference to atomistic individual motives alone, but has to be understood as part of wider structures of social, cultural and political rules, procedures and conventions. But very few will remember what 'circular causation' means and how 'cumulative processes of economic change' operate, and even fewer will retain Myrdal's interest in using these processes to understand the reproduction of regional inequalities and of uneven capitalist development. On the contrary, today the interest focuses on success and how it is reproduced in few paradigmatic regions. Endless references are made to the dynamic performance of 'new industrialized spaces' and to the 'resurgent regional economies' of Third Italy, Southern Bavaria and South Wales, of places in Denmark and Norway, of Silicon Valley, of Los Angeles and Paris and of many more. Despite important differences among these places, they have been used as paradigmatic examples for the introduction of analytical and policy-oriented concepts such as 'networked firms and regions', 'industrial clusters', 'learning firms and regions', 'innovative firms and regions' and 'endogenous or local development'. Leading exponents of these concepts such as M. Storper, R. Salais, P. Cooke, K. Morgan, A. Amin, N. Thrift, G. Becattini, R. Camagni, G. dei Ottati, B. Asheim¹ — to mention but a few — despite their major differences seem to agree that a distinctive feature of these places and regions is the embeddedness of certain non-economic factors such as social capital, trust and reciprocity based on familiarity, face-to-face exchange, cooperation, embedded routines, habits and norms, and local conventions of communication and interaction, all of which, in turn, have a key role to play in successful endogenous regional development. They also argue that these social and cultural relations serve to reduce uncertainty among local economic actors by providing tacit or collective knowledge, and by sharing risks. And they conclude that these relations are 'relational assets' which are not tradable, nor are they easily substitutable, since they draw on the social properties of local networks in which economic agents are implicated.²

In a context of sterile and economistic analysis, these colleagues have contributed considerably to opening new windows of research in critical geography and regional analysis and many of their arguments are well founded. Although these approaches may not deny the forces of the capitalist space economy (the drive to accumulate, technology and labour power, prices and profits), they don't explicitly acknowledge them or take

1 The work of these authors is cited in the references at the end of the essay.

2 In this short essay written for debate I cannot engage in a history and sociology of geographical knowledge in terms of original ideas and subsequent uncritical acceptance and adoption by other researchers about non-economic factors. This is an extremely interesting and difficult exercise as it requires global coverage. Geographical knowledge and original ideas are neither restricted to, nor originating only in the Anglo-American world, as many have argued recently in a number of Anglophone geographical journals (see, among others, Minca, 2000; Gregson *et al.*, 2003).

them on board and so they tend to discuss non-economic factors and institutions as autonomous forces shaping development. The origins of these arguments can be traced in Putnam's work on Italy (1993) that conceptualizes non-economic characteristics under the term *social capital*, and later in Porter's work on clusters (1998). Amin and Thrift (1992) have further developed this line of thought in their concept of 'institutional thickness'.

While the popularity of these new terms among Anglo-American economists, planners and economic geographers may be seen as reflecting a heightened awareness in policy and academic circles of the importance of non-economic factors, the interest behind this awareness is highly contested in that it uses a new language which often results in de-politicizing critical concepts and de-economizing economics. Economic variables, and particularly exchange-value variables, have been pushed into the background, overlooking their decisive influence in all capitalist development, whether 'successful' or failed. None of these new forms of regional success guarantees economic success, on its own or collectively, since that always depends on how the numbers — costs and revenues — add up.

The speed with which these non-economic categories have spread in economic geography and regional studies as explanations of regional success points to a vacuum in the current literature and to a neglect or even ignorance of the radical literature of the 1970s and 1980s. A demand for usable explanatory categories in the face of market and top-down state failure has created a *raison d'être* for 'third way' suggestions that seek to connect 'the economic' with 'the social and the cultural' in new ways. However, at times it seems as if there has been a shift from vulgar 'economism' to a vulgar 'non-economism' or vulgar 'culturalism' or 'institutionalism'. If non-economic factors are concerned with social practices contributing to regional dynamism, it does not follow that there are no other dimensions, or that social and economic life is reducible to social capital, reciprocity, trust, habits and so on, as many studies in NR seem to argue.

Let's, then, try to unpack the impact of these ideas in economic geography and critical regional studies and particularly those of social capital, the regionally embedded routines, habits, reciprocity and trust. These concepts may be new to economists and to some economic geographers — who usually avoid any further explanation and/or do not try to check them empirically. Sociologists and social anthropologists, however, such as P. Bourdieu, M. Blim, G. Smith, M. Paci and E. Mingione and social scientists like A. Sayer,³ have long ago used these concepts critically and have done extensive empirical fieldwork research. In addition there exist particular critiques concerning Putnam's work on social capital including a symposium in *Antipode* (see de Filippis, 2002), the books by Fine (2001) and Koniordos (2005) and many articles, among which I could mention Bagnasco (1994), Portes and Landolt (2000), Bærenholdt and Aarsæther (2002), Mouritsen (2003) and Mayer (2003). Despite these critiques, social capital, reciprocity and trust continue to be used uncritically as explanations for regional economic growth; therefore I believe it is worth extending these critical voices by adding three important theoretical omissions or failures that are politically important for a radical spatial analysis.

Inadequate theoretical departures

The first is related to the failure to adequately theorize non-economic factors, so that their conceptualization remains fuzzy and rarely has empirical support. To take social capital as an example, attaching the adjective 'social' to the economic term 'capital' suggests, at least in the NR literature, that along with non-social forms of capital (such as finance capital, material capital, industrial capital etc.) there exists a social variant of

3 For references see the end of the essay.

capital. Conversely, the modification of 'capital' as 'social' signals an attempt to overcome the difficulties of dominant neoliberal economic models, thus drawing attention to neglected non-market conditions of economic growth and social development. The major problem with this formulation is that it reproduces a nineteenth-century view of capital as a 'thing' and confuses capital with money or with other material forms such as machines, raw materials, energy inputs, products etc. Marx was critical of these approaches and in *Capital* vol.1 defined capital as a *social process* rather than as a thing. In capitalist societies this presupposes the existence of class relations between capital and labour. Thus, the adjective 'social' is a mere confusion, since capital is anyway social. This is perhaps the reason why Pierre Bourdieu is never mentioned in these studies, although he was the first who worked on these issues and he is also translated into English.

Bourdieu's (1980; 1986; 1993; 2005) main conceptualization of social capital refers to individuals and rests upon the idea of how cultural reproduction fosters the social reproduction of relations between groups and social classes. He defines social capital as: 'the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition' (1986: 248). Putnam defined it as: 'trust, norms and networks that facilitate cooperation for mutual benefit' (1993:167). He refers to communities, regions or nations (hence the attractiveness of his definition to geographers and regional scientists) and he measures it in terms of participation in voluntary associations. Here we have two opposing sociological traditions, namely that of integration (Putnam) and that of struggle (Bourdieu). For Putnam and his followers social capital manifests itself through a process of friendly negotiations for the benefit of the entire community. For Bourdieu, social capital mostly develops through the economic infrastructure and is constituted by individuals in struggles for power and recognition not through mere cooperation. While for Putnam and Co. it is invariably benign, Bourdieu's concept invites a more critical view.

The problem in Putnam's conceptualization, which is repeated in most regional studies using his concepts (see among others Asheim, 1996; Morgan, 1997; Cooke and Morgan, 1998; Amin, 1999; 2003), is that a causal link between participation in voluntary organizations and dynamic economic development and improved democratic institutions is simply assumed, but not contested. This is an important omission, as the basic distinction to consider in this case is between correlation and causation. It is possible to find many instances where high levels of community solidarity go along with endogenous economic growth or, going to the other extreme, low levels of growth coincide with low levels of solidarity. But high levels of solidarity à la Putnam also exist alongside low levels of economic growth. As Portes and Landolt (2000) argue, the all-too-common logical fallacy is to conclude that one causes the other without considering the possibility that both are determined by common external causes. In the Italian case analysed by Putnam these external causes are never discussed, although it is extremely important to consider the unequal integration of the Mezzogiorno with the rest of Italy in the formation of the Italian state, as is well known to all students of the Italian Risorgimento (Bagnasco, 1994; Cohn, 1994; Mingione, 1998). Those geographers and planners who search for positive and endogenous development results caused by strong stocks of local social capital make the same error as Putnam of assuming it as an independent variable, while it is a dependent one.

But if we accept for a moment that social capital is an independent variable, which activities and associations manifest its presence and its positive effects? As many critics emphasize (Harris and de Rezio, 1997; Fine, 2001; de Filippis, 2002; Mouritsen, 2003), Putnam notoriously focused on recreational groups such as choirs, bird-watching societies, the numerous amateur football clubs, participation in referendums, but not on more traditional old and new social movements or single-issue organizations, which are so widespread in all parts of Italy. He also did not include unions, artisan associations, church organizations or political parties, none of which possessed those elements he

saw as civic. And, finally, he ignored the rise of the modern Italian state, the process of unification and the emergence of class-based political parties. Although these are serious empirical shortcomings, I am not saying that these social activities have no impact on local communities. I do, however, criticize this type of conceptualization as producing a highly selective picture and as being inadequate to support the grandiose explanations of economic dynamism due to local social capital manifested in that way.

Those who accept Putnam's concepts uncritically multiply these problems. These studies fall into two broad categories. First, there are those who explain the dynamic performance of particular areas using, among other factors, explanations based on the existence of 'strong stocks of social capital', without any further verification in terms of its manifestation. The work by Cooke and Morgan, dei Ottati, Asheim and Amin belongs to this category. And second, there are those who attempt to apply Putnam's methodology in other regional settings, calculating different 'associational' variables (ignoring the fact that aggregate regional data usually produce strong correlations) and replicating for the worse the initial correlation/causation errors made by Putnam himself. The work of Beugelsdijk and van Schaik (2005), Granato *et al.* (1996), Inkeles (2000), Schneider *et al.* (2000), Leonardi (1995) and Rutten and Gössling (2003) belong to this category. It is worth noting also that researchers in both categories missed the opportunity to apply qualitative methods, but of course these require time, not available to those jockeying to produce 'theories'.

A similar weak theorization concerns reciprocity and trust. The current interest in trust as a precondition for successful economic performance is not new. Today, however, all those who use reciprocity and trust take for granted certain positive sides such as the economic logic for unified family budgeting in small firms (e.g. Storper), the dense interpersonal ties between individuals and families (e.g. Dei Ottati), networks of entrepreneurial assistance or the work sharing among firms (e.g. Amin). There is little or no interest in how these ties are established and how hierarchical and patriarchal relations are reproduced so that local production structures may remain efficient, flexible and dynamic. For example, do specific class, gender and generational patterns have varying impacts on reciprocity and trust? In other words, does it matter who is engaged with whom? Racial, ethnic, class, tenure, employment conditions and other differences may have important weight in trust relations, and I have seen no study that takes them into account.⁴ And, finally, under what circumstances does civic engagement lead to reciprocity and trust? Unequal power relations among local actors may in the long run lead to greater cynicism and mistrust, as the less powerful see no benefits associated with their participation.

In fact, what best describes the dynamic of reciprocity and trust is Enzo Mingione's (1998: 27) key observation that 'reciprocal systems are by definition systems of power'. According to Marques (2005), reciprocity and trust involve two dimensions: (1) involuntary kinship and voluntary friendship relations applied mainly through social networks; and (2) cooperation embedded in (voluntary and involuntary) symbiotic and asymmetrical relations, applied mainly in economic networks. Although the two dimensions often overlap, particularly in informal forms of production as in Southern Europe, it is the second that has attracted the interest of Anglophone economic geographers and regional scientists. The symbiotic relationship in economic networks, however, transforms reciprocity into an encounter between unequals that can only survive in social terms thanks to others with whom they establish a relation of mutual dependency and this relation can evolve sometimes into a blocking mechanism for change. This system produces a clear-cut separation between 'us' and 'them', nurturing parochial social relations (sometimes xenophobic) under the general rule of 'never forget and never forgive' (Marques, 2005). On the one extreme, this is particularly true in

4 On the contrary these issues form the basis in critical economic anthropology. See Blim (1990) on the shoe districts in the Marche region, Smith (1999) on toys and clothing in Valencia, and Martínez Veiga (2001) on immigrants in Andalusia.

criminal organizations like the Mafia, but in everyday practices it is actively applied in many celebrated Italian industrial districts through the widespread tax evasion by the majority of small firms and the extensive use of immigrant labour, often illegal (Zingone, 2001).

Social capital, reciprocity and trust have become very poetic, romantic views of human economic cooperation in those studies of successful regions, fostering an image of altruism and self-sacrifice, as opposed to opportunism. Remarkably, the trust theorists fail to note how trust depends on trustworthiness, which in turn is often more a result of submission to domination than a free moral choice. The difficulty lies in the fact that these concepts are far from being straightforward and it is very dangerous to use them as building blocks to describe the success or failure of entire communities.

Depoliticizing politics

The second major failure is the apolitical treatment of non-economic factors in CG and NR, which is highly compatible with a neoliberal view. For Putnam and for those new regionalists who base their work on his, the agent is represented through trust and reciprocity as a socially individualistic, abstract masculinity, which is somehow magically transformed into peaceful and collaborative communities, regions or even nations. The social actor is inherently male and in this sense social capital theorists hardly differ, if at all, from the theoretical assumptions of rational choice theorists, where the actor is omnipotent, without formal or informal ties to others unless they are contract-related.

Putnam's basic assumption is that the birth and origin of social capital reside within the family, but it is astonishing that in all his work the domestic division of labour and patriarchy are never discussed (Kovalainen, 2005). In Southern Europe (and this is true in other parts of the world) the family may reproduce trust, codified rules and reciprocity among family members and among other small family firms in the same region, but the authority of *capo famiglia* and the high social costs for those individuals who don't share these system values remain in the dark (Ybarra, 1986; Ghezzi, 2003). In other words, the strong local social and cultural rigidities faced by family members, especially by women and the younger generation remain undiscussed. There may be some temporary egalitarianism among equals (firms, workers, family members) but this is not true among unequals as in the relations between parent firms and subcontractors, high technology firms and sweatshops, men fully employed and women homeworkers, natives and immigrant workers. From a critical anthropological perspective Gavin Smith (1999: 186) describes the process:

To borrow money, retain a client, induce your wife and a cousin to work overtime, people (mostly men) have to make claims and counter-claims and to do so they must use and invest in an ideology of shared identity which includes blood and physical space, religious and patriarchal relations, divisions of labour within the family and beyond. To refer to this in terms of social capital, trust and reciprocity is to miss entirely its implications for the reconstitution of social membership in an unequal and hierarchical society.

In this respect references to egalitarianism and to democratically organized networks of social relations born out of families in these successful regions through reciprocity and trust, are highly contested and need to be verified empirically.

I believe that the treatment of social capital, trust and reciprocity in these studies, rather than enabling us to reconceptualize non-economic factors in terms of remembering the political involvement of human agency (supposedly forgotten in *all* Marxist studies), takes us back to the instrumental management of resources and makes local development a matter of voluntary civic engagement, without taking into account the inherent conflicting parameters characterizing politics. Of particular importance is

the neglect of the state and its institutions at various scales, as well as the neglect of other collective representations of community (e.g. political parties, unions, municipal councils). Instead, particular emphasis is devoted to all kinds of networks, again ignoring the asymmetrical relations among network members and the question of inclusion in and exclusion from networks (Leitner *et al.*, 2002; Hadjimichalis and Hudson, forthcoming).

This cross-cultural perspective on the value of social capital, trust and reciprocity is fine to communicate the 'social' to the world of development experts, who are usually economists. But this way of building the social into development, as Arce (2003) argues, appears to be a powerful means of justifying economic neoliberalism. The main assumption, central to this conceptualization, is that social interactions are conflict-free and can mobilize resources for the benefit of the entire community. In this respect, the context is depoliticized, making us free from politics but not from economics. This is to be expected from neoliberals themselves, such as the World Bank (2002), who reproduce the positive connotations of Putnam's definition and present rather romanticized views of family and civil society. Only those forms of social capital that figure in clientism and corruption are presented as negative.

But this line of argument becomes a surprise when it is articulated by some radicals who analyze civil society as a bounded territorial entity and as a set of inherently 'win-win' relations and networks of cooperative association (see particularly the work of dei Ottati, 1994; Cooke and Morgan, 1998; Storper, 1997; Asheim, 1996; 2003). In their analysis, whether they speak about Third Italy, South Wales, Baden-Württemberg or other places, there are no external antithetical relations among regions that influence local civic pride, no interregional migration and macro state policies that reduce possibilities for cooperative actions. Furthermore, there are no real social agents, no class and class conflict, themselves important factors underlying reciprocity, no power hierarchies to determine cooperation and competition, no gender roles and no patriarchy in families and beyond that determine the celebrated equities in the social division of labour, no ethnic and racial conflict, no social and spatial fragmentation that co-influence economic redistribution, no mention of protest movements, uprisings, riots and so on.

And, finally, I cannot see where they base their conclusion, from a few examples from Third Italy, that communities with high levels of social capital, reciprocity and trust are more civic and democratic. For example, Amin (2003; 151), while avoiding simplifications and quantification of Putnam's categories, maintains an idealistic vision of Italian industrial districts, as a human-centered and democratic industrial relations environment. But if a new industrial democracy has been re-born in those districts — which presupposes well-paid jobs, firms paying taxes, work security through flexibility, cooperation and enjoyment in work — then why have sons, daughters and other family members been reluctant to enter the family firm since the 1980s, as he points out in the end of his paper (p. 166), a phenomenon verified by others (Ghezzi, 2003; Lanziani, 2003) and by my own field work (Hadjimichalis, 2006). The assumption of democratic industrial relations is further contested by the presence and the highly unequal treatment of thousands of immigrant workers in Italian districts, who remain 'invisible' in most studies dealing with small firms, flexibility, local learning, etc. The fact that some 'red' administrations in Italy in the 1970s were indeed honest, innovative and pro-business and were able to support a remarkable growth with social welfare, cannot elevate a priori industrial districts into radical democratic alternatives. The situation has been further complicated since the 1980s, first when 'red regimes' have evolved into neo-corporatist institutions similar to other Northern European ones; second, when rightwing officials won the regional elections in 1987 and 1993; and third, when the massive use of (often illegal) immigrant labour in industrial districts gave rise after the 1990s to racist and neo-fascist arguments and actions by Lega Lombarda and Berlusconi's government (Bellini, 1989; Zingone, 2001; Lanziani, 2003; Bialasiewicz, 2006). Democracy after all is not an isolated island, it is inscribed in national systems and beyond.

Reducing space to territory

The third theoretical failure, which derives from the previous ones and has important policy implications, is the conceptualization of space in CG and NR as inherently territorial. Although the initial formulation of 'embeddedness' by Granoveter was based on social relations among social groups, some geographers and planners have translated this to social relations in particular, bounded localities. A similar error is evident in Putnam's work on Italian regions. For him and his followers, (see Becattini, 1990; Sforzi, 2002) regional economies are territorial economic and social systems and exist as individual agents, who compete among themselves. Embedded routines, networks of reciprocity and trust, all contribute to a territorial construction of space. The apotheosis of territories and regions as new units of analysis has disoriented radical and critical debates from the scalar spatial framework (see Swyngedouw, 1997; Bunnell and Coe, 2001) to a kind of bounded territorial logic finally pushing the argument to the trap of reification. This could be viewed as opening the door to neoclassical locational arguments in which capital, labour, raw materials and markets are replaced by territorially defined non-economic social and cultural factors.

Where Bourdieu argues explicitly that social capital is a resource of individuals in struggle with others, for Putnam it becomes a property of groups, communities and regions and this, in combination with Sabel's idea of taking the area or the region rather than the firm or the sector as units of study, generated major confusions. Researchers started to study regions as though they were firms (e.g. learning firm — learning region, networked firm — networked region, competitive firm — competitive region) and this manifests a dangerous shift from the rationality of the firm as an instrumental actor, to the rationality of the region as an instrumental actor (Smith, 1999). These theoretical traps are avoided by researchers dealing with global production networks and networks of value, combining the territorial with the global focus (see in particular Coe *et al.*, 2004; Smith *et al.*, 2002). It is therefore simplistic to argue that a given form of social behavior — trust and reciprocity — is linked to one form of socio-spatial organization, the territory.

The reduction of space to territory is well presented by Moulaert and Sekia (2003) in their critical survey of the literature on industrial districts, new industrial spaces, *milieux innovateurs*, learning and networked regions, endogenous development, etc. They explicitly call these models 'Territorial Innovation Models' and although they are critical of how these models are theorized they argue that:

space is 'upgraded' with a new content of socio-cultural values and traces of the local history. Economic space is now differentiated, and contains the 'milieu de vie' of a human community where the members are mutually linked by economic, cultural and historical values. Territorial space is 'a cadre d'action' of a particular human group (*ibid.*: 297).

In order to avoid economic determinism, Moulaert and Sekia instead of 'upgrading' space pushed the pendulum to the other end of territorial determinism. Asheim (2003: 29) intensifies the controversy by arguing that 'the challenge of bringing territoriality [back] into economics focuses on learning as a localized process'. These misconceptions are avoided by some Italian geographers, sensitive to reification problems, who discuss regions, territories and territoriality as open entities, understood as aggregate of local, national and global inter-relations and not only as local *milieux de vie* (Demateis, 2001; Demateis and Governa, 2003). What Moulaert, Sekia, Asheim and others are missing is the contradictory, dynamic and constantly changing character of socio-spatial relations in capitalism, the relative fixity and distinctive logic of territorial processes and the fluid dynamics of capital accumulation, depicted early by Nicos Poulantzas (1978) as *de-territorialization* and *re-territorialization* and further analyzed by Harvey in various works, including his latest *The New Imperialism* (2003).

The major problem again is between correlation and causality. There is no doubt that some communities and regions (I am not opening the classical problem of how to define

them in terms of boundaries, statistics, imagination, representation, etc.) are more dynamic than others. But to explain this evident fact as a cause of their particular local territorial social and cultural structure, of the social capital, reciprocity and trust in *these particular regions*, plays down other, probably more important factors, ignores the contradictory and scalar character of local, national and international socio-spatial relations and it is a major step backwards in critical spatial thinking. I am not denying the territorial dimension of socio-spatial relations, but I refuse to accept its prioritization.

Radical economic geography and critical regional studies have long ago made important progress away from neoclassical location and self-balance theories, input-output Issardian models, simplistic core-periphery and underdevelopment explanations, and particularly away from the conceptualization of space as a territorial surface. Inter- and intra-regional relations, the national and international spatial division of labour, state intervention, geographical imaginations, the scalar organization of space, the geographical mobility of capital in search of higher rates of profit and the geographical transfer of value — to mention but a few radical concepts — helped to reduce misconceptions of the past (for a renewed use of these concepts see Smith *et al.*, 2002). But again to dismiss these concepts as too deterministic in order to advance alternative explanations based on these territorial non-economic factors is highly contested. At times it seems that all the debates around space, society and economics advanced by Lefebvre, Harvey, Castells, Soja, Massey, Hudson, Gregory and others have never appeared in print.

Finally, these arguments have a fatalistic conclusion in terms of policy. For they suggest, firstly, that in terms of local government and regional economic development, people in less successful regions were very much hostages of their past. The new 'good' regions with a future, are those with stocks of social capital that would never attract overworked people — just enlightened, flexible, learning firms. Overworked people in sweatshops stay in those 'bad' regions like the Mezzogiorno, the North-East of England, Eastern Europe, Alentejo, Epirus and others, where social and cultural capital are either very underdeveloped or non-existent and therefore there is little hope of improvement.

Secondly, they have a fatalistic conclusion because they ignore the international division of labour and inter- and intra-regional relations in the long run, which together with macro-economic state policies influence the development of some regions at the expense of others, as Myrdal (1957) reminded us. Contrary to the older formulation by Myrdal and to the more recent one by Massey (2005), where regions are constituted through their relation with other regions, the social and geographical imagination in CG and NR seems to suggest a view of regions as independent, unique territorial entities and to exclude power structures and conflicts among regional actors and, finally, to avoid any reference to uneven and combined capitalist development. They do not see these regions as transitory fixes of capitalist success, but as stable communities due to the embeddedness of local non-economic factors. In the end, the focus is directed to the symptoms of processes rather than to the processes themselves. Urban and regional problems appear as symptoms of lack of reciprocity, trust, etc., as lacking 'social capital'.

Conclusions

The introduction of non-economic factors into economic geography and regional development studies was a welcome contribution and could lead to a much-needed renewal of the radical critique of the contemporary space-economy of capitalist societies. But, in practice, it often seems instead to be trapped in many questionable aspects, particularly in ignoring first, the power asymmetries and exploitative relations inherent in reciprocity, trust, routines and habits; second, in ignoring macro-economic processes, inter-regional relations, the scalar organization of space and the role of the state; and third, in ignoring those places that remain stuck in the doldrums of persistent

decline, underdevelopment or socio-economic weakness, and how this relates to combined and uneven development. Capitalist societies do not cooperate as harmoniously as suggested within the world of social capitalists, where categories of exploitation and power have no space, where gender and immigrants are invisible, where in fact neither multinational corporations and banks nor organized labour and oppositional movements ever appear as actors. In the end the work of Putnam and his followers, according to Arce (2003: 853–4), ‘is no more than a pure injection of instrumental rationality at the fingertips of every individual, creating dreams of their capacity to shape the practice of governance and socio-economic improvement’.

Most studies of NR have a controversial problematic in their arguments: norms of reciprocity and networks of civic engagement give rise to social capital, which, in turn, makes cooperation between people possible, which, finally, promotes successful regional development. By highlighting the positive, democracy- and efficiency-enhancing consequences of those non-economic factors, their conception has become attractive for policy-makers searching for low-cost solutions to social problems. In this climate non-economic concepts that appear to engage with the real world, with regard to ‘capital’ as well as ‘the social’, gain quite an attractive force, as they require no public spending. Where radical geographers previously have criticized pluralism by arguing that it dealt merely with appearances and failed to see the force of the underlying structures of capitalism, many have now turned pluralists themselves. This is apparent in their conceptualization of social and cultural factors through methodological individualism as something embedded in territorial groups and social networks but realized by individuals or firms or single cities and regions.

The uncritical use of social capital, reciprocity and trust is a good example of how in the last 15 years ‘radical’ geographical analysis and critical regional studies have moved from a position that assumed that society was conflict-ridden to a position that society is conflict-free (for an illustration see Amin and Thrift, 2005). This has allowed some academics to maintain their radicalism and avoid at the same time any actual involvement in left-wing politics. Even among writers of the Left, the well-being of workers and local residents has been replaced by a discourse that talks exclusively of the well-being of firms and regions. Ironically, this has happened just at the time when neoliberalism is on the offensive, with the result that it has had to face remarkably little opposition from ‘radical’ geographical theory.

We need a far more penetrating renewal of radical critique of the current space economy of capitalism. Old concepts such as uneven development, the social and spatial division of labour, the geographical transfer of value, accumulation and imperialism must be combined with cultural and social issues, with those non-economic factors described above. If there is a ‘third way’ or any other alternative to economic and social development, this cannot come from the uncritical and de-politicized use of these concepts and a dismissal of political economy and of feminist and ecological categories.

A rethinking of local and regional development implies that we need to consider five dimensions of the relations between actual conditions, actual actors and policies. First, we have to take into account the new global context of local and regional development and the particular role of nation states, supranational entities (like EU, NAFTA) and regional institutions. Second, public politics of local and regional development still matter, particularly their conflicting content in which the question of democracy acquires an acute dimension. Third, the extent of social actors’/agencies’ involvement in politics is of particular importance but it has a basis in gender, class, ethnic and generational differences and in their multiple identities. Fourth, space — and especially its scalar organization, including the territorial dimension — remains a key factor in uneven development. And fifth, the depth of non-economic processes could open new avenues in development thinking, not as independent and depoliticized issues but as characteristics of groups and individuals in struggle. All this demands particular attention to questions of distribution, justice and ethics. Otherwise these concepts will become part of a new technocratic language and the fashionable neoliberal ideology of

the day; they will remain unexplained and unjustified and finally be condemned to operate only like the 'hidden hand' in neoclassical economics.

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Résumé

Dans le débat actuel sur le développement local et régional, et après plusieurs 'revirements', les modèles critiques dominants ont trouvé quelque assurance dans les approches institutionnelles, culturelles et évolutionnaires. Désormais, les centres d'intérêt sont la réussite et la compétitivité, ainsi que leur mode de reproduction dans quelques régions types. Ces régions et lieux présentent un trait distinctif: l'incrustation de certains facteurs non économiques tels que le capital social, la confiance et la réciprocité fondés sur le caractère familial, l'échange direct, la coopération, des routines, habitudes et normes ancrées, des conventions locales de communication et d'interaction, tous contribuant à la réussite spécifique d'une région. Même si ces approches ne réfutent pas les forces économiques de l'espace capitaliste, elles ne les reconnaissent pas explicitement ni ne les incorporent; ce faisant, elles traitent plutôt les institutions et les facteurs non économiques comme des forces autonomes qui configurent le développement. L'article présente une critique de ces concepts en soulignant leur conceptualisation inadéquate, leur vision dépolitisée de la politique et leur recours 'déséconomisé' à l'économie, ainsi que leur réduction de l'espace à un simple territoire. La conclusion déduit qu'il nous faut un renouvellement bien plus profond de la critique radicale de l'actuelle économie spatiale du capitalisme. Les anciens concepts, comme le développement inégal, la division sociale et spatiale du travail, le transfert géographique des valeurs, l'accumulation et l'impérialisme doivent être associés aux aspects culturels et institutionnels, donc aux facteurs non économiques précités.