The Significance of Spatial Theory for Business Historians

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In recent decades, "theory" has achieved substantial market penetration among historians, regarded by some as a lodestar and by others as a devilish influence. Veteran business historians can certainly recall the rapid advance of quantitative methodologies, with their underlying strata of science-based theoretical assumptions, into economic and social history during the 1970s. Ironically, at roughly the same time, a set of social science disciplines, whose practitioners had become dissatisfied with the dominant quasi-scientific paradigms in sociology, political science, and geography commenced taking the "historical turn," a disparate effort to delineate historical contexts and dynamics that structured social, political, and spatial behaviors and provided them with broader significance [21]. Though their efforts to appropriate histories often ran at cross-purposes with historians' search for systematic principles to organize narrative accounts, the interactions these initiatives generated were and continue to be intellectually provocative, particularly in the new "field" of historical sociology and in the revitalization of historical geography [1, 2, 12, 26]. In parallel, other historical disciplines, notably intellectual, gender, and cultural history, drew substantially on theories of language and textuality (the "linguistic turn"), as well as from perspectives on identity, ritual, and myth (in ethnographic and post-structuralist "moments"), to redirect research and ground novel specializations [6, 17, 27, 37]. Recent, valuable work by Ken Lipartito and Angel Kwollek-Folland has called business historians' attention to aspects of these perspectives [18, 19].

Though relatively little of this ferment has yet had an impact on the practice of business history, theory has nonetheless played an important role in the discipline's development. From Coase through Simon and Penrose to the organizational synthesis, models derived from neo-classical economics and institutional analysis have profoundly and subtly influenced the selection of topics, understandings of significance, and modes of explanation in business history [24, 30, 38]. Alfred Chandler's early work was indebted to Max Weber's thinking about enterprise and bureaucracy, and his later studies interacted with Oliver Williamson's transaction cost economics [5, p.400; 4, pp. 14, 631-2]. Scholars of entrepreneurship have, of course, found Schumpeter instructive. Most recently, in her response to Leslie Hannah's plenary paper at the 1995 Business History Conference, Mary O'Sullivan made a dozen or more references to "theory" while defending the proposition that "the stuff of business history...is the analysis of the process through which some business organizations come to dominate certain industrial sectors and national economies" [22, p. 235]. Theory is essential, clearly, though debates have intensified over which theories are to be used and how.

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The purpose of this symposium, indicated by its aggressive title: "Beyond Economics," was to commence a discussion of theoretical perspectives distinct from those customarily adopted in the discipline and thereby to open the question of what other "stuff" might also become business history, were business dynamics examined through other lenses. Given my earlier work on regional manufacturing complexes, industrial districts, and localized production networks [28, 29], the organizers tasked me to provide a brief introduction to geographical frameworks. The body of the paper divides into three segments: a consideration of the use of theory in historical studies generally, then a sketch of two levels in geographical scholarship that are relevant here, its basic theoretical foundations and a set of practical issues regarding concepts and methods. The first of these refers to theoretical discourse about space and spatiality, along with related issues of historians' "privileging" of time. The second concerns economic geographers' actual research on modern business, with one specific example outlined in some detail.

In a recent study, Cambridge historian Peter Burke assessed the utilization of theory in historical practice, noting that "Some historians have accepted a particular theory and [have] attempted to follow it in their work" [3, p. 19]. Too often, however, such efforts to "apply" theory to historical situations and documentation prove mechanical, forced, and uninteresting, reinforcing other historians' hostility to theoretical initiatives. For example, new institutionalists from political science presented a plenary session at the 1994 Social Science History Conference in Baltimore, profiling their use of historical data sets on legislative voting behavior to test propositions derived from rational choice theory. Questioned in the discussion period about the selection of such data sets, particularly about research strategies when disappointing results appear, one panelist responded, in essence, "if it doesn't pan out, get another data set." Historians in the audience groaned audibly (indeed, some walked out), while social scientists seemed to wonder what the fuss was about. Similarly, relatively few historians are intrigued by the masses of work in post-structuralist cultural studies, often derived from summary readings of Foucault or Derrida that create an interpretive template which is then hammered down on texts and events.

Alternatively, Burke points out that "Other historians are interested in theories rather than committed to them. They use them to become aware of problems, in other words, to find questions rather than answers" [3, pp. 19-20]. For example, the acclaimed colonial historian, Rhys Isaac, employed aspects of social anthropology in order to highlight the dramaturgy and rituals of everyday life in pre-Revolutionary Virginia, whereas Claude Fischer adapted "social constructivist" theories of technological development for his prize-winning study of the telephone's complex integration into American culture [16, 7]. In this context, business historians might consider Karl Polyanyi's notion that there are three systems of economic organization, based respectively on markets, reciprocity, and redistribution, the latter two of which might well be opaque to those who operate within the conceptual boundaries of mainstream economics [25]. Pondering Polanyi's theory could widen the scope of research and refashion assumptions about significance; for example, consider the relevance of reciprocity for thinking about corporate culture and trust relations, and of redistribution for the analysis of charities, cultural institutions, and non-profits. British social theorist Anthony Giddens echoes Burke's position, in his claim that his entire theoretical project is meant simply to offer suggestions, hints to colleagues that might more broadly ground their thinking and open up research horizons, rather than provide a new grand theory to succeed

Marx, Weber, Durkheim or the structuralists. Referring to the application of his structuration theory in empirical studies, Giddens explained:

> [O]n the whole I do not feel overly sympathetic towards the ways in which most authors have employed my concepts in their work... because they have tried to import the concepts I developed *en bloc* into their research, seemingly imagining that this will somehow lead to major methodological innovations. I have never believed this to be a sound approach...[T]he theory should be utilized only in a selective way...more as a sensitizing device than as providing detailed guidelines for research procedure [13, p. 294].

In my view, it is in this spirit that business historians might most profitably engage theories outside the economic and organizational domains that have long informed research practice.

Spatial Theory

A substantive review of the course of spatial theorizing among geographers is surely beyond the scope of this essay. Compressing radically, it might be reasonable to note that economic geography (as distinct from cultural and physical geography) moved in the 1950s from a broadly descriptive approach to adoption of social scientific, quantitative methods adapted from neo-classical economic theory and, to a degree in urban studies, from Chicago School sociology [14, 15, 20]. Reaching pinnacles in Walter Isard's "regional science" and David Harvey's *Explanation in Geography* [31, 9], this data-intensive framework also yielded central place theory, industrial location analysis, distance-decay functions, and a variety of population and migration geographies, some of which explored historical patterns [36].

Provoked both by urban crises and policy failures and by encounters with Kuhn and Marx, in the early 1970s David Harvey pressed a critical attack on the poverty of "liberal" spatial theory, its "quantitative revolution," and the "diminishing marginal returns" to research. [11, p. 128] Thus opened a decade and more of theoretical debates which both fragmented and redirected the field. As elsewhere, neo-Marxists launched brisk assaults on the historical vacuity of spatial analyses, their elision of power relations and their accompanying reductionism and reifications. Collegial responses challenged the economism of much Marxist work, its simplifications of culture and the state, and in time, the pretensions to grand theory of both social scientific and Marxist perspectives (the latter embodied in [10]).

As these lively currents eddied from post-structuralist critique into post-modernist deployments, Edward Soja emerged as the most articulate advocate of spatiality as a means of understanding social processes. Soja presents an impassioned critique of time-privileged research by historians and by social scientists taking the historical turn. The usual practice among such scholars has been to view space as a static platform for the deployment of historical agents, institutions, and events. This approach exemplifies the reduction of spatiality to mapping. Instead, geographers view space as dynamic and interactive with cultural, economic, and political initiatives in which place, the local, the regional, indeed the landscape, are structuring elements of action, both enabling and constraining. For them, time is empty and space rich with both the residues of action (built environ-

ments, ruins, population and business clusters) and the resources for action (concepts of distance and locale, spatially-defined identities, practical knowledge of pathways). Human agency constitutes meaningful spaces and constructs relations across and within them, whether in and among boardrooms and factories or between cities and nations. Polemically, Soja suggests that time is merely an index for tracking and ordering the flux of spatial processes, thus in a provocative way inverting historians' traditional notion of the priority of time over space [32, 33].

Postmodern spatial theorists place a particular emphasis on delineating modernity ("the intertwined emergence of capitalism, the bureaucratic nation-states, and industrialism" [8, p. 2]) and the transformations of consciousness, place, and practice it has engendered. Introducing a recent essay collection, Roger Friedland and Dierdre Boden, two spatially-oriented sociologists, offer several arresting thoughts for business historians. Drawing on Giddens, Foucault, and others, they observe that:

> As both a material order and a cosmology, modernity has been constructed around the controlling center and the reasoning subject, around city, state, firm and the active participation of residents, citizens, and capitalists. The manipulation of apparently abstract, homogeneous space and time has been critical to both poles of the system. The proliferation of bureaucratic forms, together with ever-developing mechanisms of production, transmission, storage, and transportation of both signs and objects, allows elites in those centers to project themselves over ever greater zones of space and time [8, p. 9].

In consequence, individuals' experience "has become tied to and contingent on actors and actions at a distance" in ways far more intense than in earlier eras. Yet settled understandings of these relations and contingencies are themselves steadily being reshaped. "In a competitive market economy, cities used to connect firms... Today, corporate geographies increasingly determine what is produced and where. Thus, firms connect cities," with powerful implications for urban public policy and private life, as well as for business strategy. Further, as information flows and business rivalries become global, national boundaries grow curiously porous, national identities threatened, in this swirl of spatial change, even as national polities brandish the symbols and weapons that anchor their self-definitions while having "effectively lost control of the value of their currencies." In short, "modernity globalizes insofar as space is separated from place..." [8, pp. 12, 18].

However, as Soja hints, a core dilemma haunts spatial theory. Thinking spatially necessitates visualization in some form, but constructing landscapes in the mind is radically different from writing them up (or down). To communicate this paradox, Soja references one of Jorge Luis Borges's tales, "The Aleph." The fictional Aleph calls forth that imaginary place where an observer could see in an instant everything that is happening in the world, "millions of acts both delightful and awful." Yet, Borges' narrator continues, "what my eyes beheld was simultaneous, but what I shall now write down will be successive, because language is successive." [33, pp. 139-41] Reflections on this disjuncture are worth developing. The fundamental linearity of language and of narrative (vs. the spatial dimensionality of the visual – collage, photograph, artifact) generates a cultural obstruction to communicating the spatial in customary narrative forms. Hence, Soja at times undertakes to translate spatiality through something like collage or lateral

writing, an approach roughly analogous to the explosion of the linear narrative in the novel, after Robbe-Grillet, Marquez, and Borges, or in films like Rashomon. From this intransigent linearity of narrative, one might also appreciate geographers' increasing fascination with Graphic Information Systems computer software as a means to communicate spatial processes in visual and processual terms that are not evidently dependent on the frustrating limits of prose forms.

Somewhat analogous to economists' attempts to develop mid-range conceptualizations of the action realms between the levels of global or national economies (macroeconomics) and theories of firm behavior (microeconomics), some geographers have articulated the need for spatial mesotheory. Most immediately relevant here would be Michael Storper's joint project with Robert Salais, "Possible Worlds of Production," which will be released by Harvard University Press this year. Building on earlier work, Storper and Salais employ spatialities of industrial activity as key elements in framing a four-quadrant model of manufacturing's historical diversity and trajectory, which should open out business historian's perspectives on twentieth century dynamics that may elude the organizational synthesis approach. Focusing on the conventions that structure action in economic organizations, these authors depict four ideal types of enterprise models: Industrial (for large-firm mass production); Market (for commodity staples and components suppliers); Marshallian (for networked batch producers); and Innovation (for information intensive, high volatility sectors like computer software) [34, 35]. In contrast to current perspectives that chart business modernism as centrally a series of innovations that generate rising institutional coordination and consolidation, such geographers envision an economic, social and cultural modernity featuring increasing disorder, risk, and dislocation, differentially distributed across production and service sectors.

Practice In Economic Geography

Unlike business historians, economic geographers generally begin not with firms, but with spaces, in order to research patterns of deployment and decay in manufacturing and service provision. This approach flows from their sense that economic activity creates and reshapes the spatial components of action, through the development of industrial or financial districts, for example, or the elaboration of regions of sectoral concentration (i.e., medical education in Boston and Philadelphia, computer systems in the San Francisco Bay area, or hog and beef slaughtering in the Midwest). Firms and institutions are, in this view, agents of a larger spatialization dynamic, neither autonomous nor dependent, but interactive with other critical resource factors, e.g. labor market dynamics, political dispositions, transportation grids, cultures of reputation and reciprocity.

More specifically, recent work by Brian Page and Richard Walker suggests how thinking spatially can revise current assumptions in research on American industrialization. In addressing the dynamics of manufacturing development in the American midwest, Page & Walker offer three spatially-explicit theses worth the attention of business historians:

1) "Industries do not so much locate at particular sites as they create places at the same time as they expand their activities." The Midwest as a productive region was, in their view generated by a dynamic entwinement from the beginning of manufacturing and agriculture – "a broad synergistic process of "agro-industrialization." "Industry did not locate in the region, so much as it helped create

the region, as part of a vigorously expanding division of labor with agriculture," in which urban industrial processes at a distance from farms were "intimately enmeshed [with them] in a vital relationship of mutually supportive development across [extensive] production systems." [23, p. 282]

2) Page and Walker also stress "the importance of geographic specificity, or the spatial divisions of labor." Here, often in initially unlikely spaces, "new industries and methods repeatedly break forth, new localizations arise, [yielding] successive waves of growth" in "new industrial spaces" that are "central to the continuing renewal" of capitalism. Yet because the practical masteries specific to different trades are "embodied in the people and organizations who learn to grow with the industry," this sprouting and expansion does not happen "just anywhere." [23, p. 283]

On this count, they argue that older models of growth stages and staple exports of rich natural resources are inadequate, because midwestern industries developed their productive capacities in ways that "owed nothing to nature and everything to regional social arrangements, human capabilities, technological advances, and divisions of labor [that yielded] powerful external economies." These in turn refashioned the region's internal space economy into the nation's, or perhaps the developed world's, core industrial node by World War I [23].

3) Finally, Page and Walker conceptualize the "territorial production complex" as a means of building on the well known synergies of compact industrial districts, much discussed in the recent literature. Taking this notion to regional scale, they suggest that interactive, "territorial modes of organization" (which involve "specialization, scope economies, flexible contracting, shifting technical alliances, and the amassing of a rich labor pool") "can occur at levels from the submetropolitan to the multi-state region." In the agroindustrializing Midwest, a multi-state production complex took shape. Here "were embedded a vast number of mutually-reinforcing activities" characterized not by central place dominance, but by the formation of a dense network of related urban places, in which interactions among firms in and across smaller cities were enormously productive, although they have been neither well-theorized nor empirically investigated [23, pp. 284-93].

Detailed evidence and further argument for these positions is developed in Page and Walker's article referenced above. I present their position here simply to suggest how this version of spatially-informed research into business and economic history can expand the boundaries of our own thinking, in this case into considering space as simultaneously a determinant, an outcome, and a medium of social and economic action and structure, rather than as a neutral and passive platform for business initiatives.

Insofar as geographers' theoretical notions stimulate business historians to develop dynamic research programs that step beyond firms and their internal structures or immediate markets and into the regional, national, and global contexts in which economic action conditions spatial and employment relations, political options and technological trajectories, any encounters with spatial theorizing will be amply repaid. Both space and theory matter to the articulation of a business history that begins to move "Beyond Economics" to regional, national, and international questions of culture, interfirm collaboration, and the spatiality of sectoral dynamics.

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