Within and outwith/material and political?
Local economic development and the spatialities of economic geographies

Roger Lee

Introduction

All development is local. It must necessarily take place. In this sense the notion of local development is tautologous. But local development is rarely, if ever, completely bounded by place. And this is not just a question of how ‘local’ or ‘development’ may be defined. Local development intrinsically involves mutually formative and politically significant intersections of territorial and relational spatialities – themselves inseparable and constituted together – across a multitude of organisational and geographical sites. Another way of putting this is that the ‘local’ shapes ‘development’ at the same time as ‘development’ shapes the ‘local’. The one is always insinuated in, and formative of, the other. For example, the diversity of class, gender or ethnic divisions of labour within cities or regions reflects the day-to-day spatialities and social relations of the particular forms of economic activity and the environmental and social topographies through which they take place in those cities and regions. But they also reflect wider economic geographies and the place of particular cities or regions within them as well as the class/gender/ethnic relations associated with these wider geographies. It is the diverse nature of these multiple geographies as much as the engagement or lack of engagement of cities and regions in them that shape and are shaped by the trajectories of urban and regional development or underdevelopment.

These complex geographies raise difficult issues – intensely political as well as material – in conceptualising, theorising and practising local development. Neither the material or the political nor the within and the outwith can be understood in isolation. Following Don Mitchell (2003), David Harvey (2006: 239) highlights the politics arising out of the intersection of territorial and relational geographies (see also Cumbers et al. 2008):

It is only when relationality connects to the absolute spaces and times of social and material life that politics comes alive.

However, the use of the word ‘only’ here is problematic. It was used in an essay discussing different notions of space and does not mean, I think, that politics can arise in no way other than in the connection of absolute and relational spaces. Like economy, politics cannot but take place. Thus a very much alive politics is associated within both territorial and relational spaces. Both the politics of
different territorial spaces (e.g. the differential access of particular groups to those spaces, or the priority given to, and achieved by, such spaces in the pursuance of policies to promote the provision for and sustenance of local development) and of different relational spaces (e.g. power relations along global commodity chains (Gereffi 2005), networks of value (Smith et al. 2002) or production (Dicken et al. 2001; Coe et al. 2008) generate significant political struggles.

Nevertheless, as the global spread and retreat of financially driven circuits of value reveal, it is doubtless the case that the intersection of relational and territorial spatialities clearly does raise profound geo-political questions including those associated with local and regional development. And to repeat, these intersections are mutually formative. Changes in one generate changes in the other. This is a continuous dynamic that must, somehow, be resolved to enable economies to function. Where resolution is impossible or inadequate (for example, in resolving the need for territorially based financial regulation with the hyper-spatial flexibility of flows of finance, or in coping with the territorial consequences for employment and local economic activity or the spatial restructuring of multi-site corporate organisations) uneven development is likely to result. In other words, the resolution of the differential dynamics of territorial and relational spatialities is a major driver of the politics and policies of local development.

These are the themes addressed by this chapter. Its focus is on thinking local and regional development from the standpoint of economy/economic geography. By this I mean not merely that the economic aspects of development are its focus but, rather, that the inherent socio-spatialities of economy/economic geography frame the concerns of the chapter. It attempts to think local development less from the perspective of the locality (however defined) than from the equally complex frame of the formative socio-spatialities of economy/economic geography (see the consistent application of such ideas by Ray Hudson, e.g. 1989, 2001). The chapter begins by considering the material spatialities of economy (what I call circuits of value) before moving on to consider the political significance of the social relations that direct them. It then explores the significance of these spatialities and the questions that they raise for local political transformations and local development including the (im)possibilities of endogenous development. I then move on to examine the potentially transformed conditions for local economic development towards the end of the 2000s in the face of the financially induced fracturing of circuits of capital – not least financial circuits (Plender 2009). The concluding comments return to reflect on the insights on the possibilities of local economic development that may be offered by considerations of the ordinary economy. It thereby considers the paradox that, in “a period of inconclusive struggles between a weakened capitalism and dispersed agencies of opposition, within delegitimated and insolvent political orders” (Balakrishnan 2009: 26), radically new geographies of local development become imperative. While local economic development may be impossible, it may be the only possibility to be pursued.

Spatialities of circuits of value and local economic development

There is something irreducibly material and irreducibly geographical about economies/economic geographies. Economic geographies are constituted of circuits of value which necessarily involve the incessant movement and transformation of value – from consumption via exchange to production via exchange to consumption – for which territorial and relational geographies are not only the essential conditions of existence but also the objectives (the expansion, extraction and recirculation of value) of this movement and transformation. Upon the possibilities of such spatial and
temporal repetition is all social life materially predicated.

Circuits of value are simultaneously both social and material. Figure 17.1 is, therefore (and notwithstanding the continued use of such a model of economy used, largely uncritically, by mainstream economics), a practical impossibility as it abstracts from the social relations which drive such circuits. It shows the flows of value which must take place across space and through time if the economic geographies constituted of such circuits are to be sustained and, schematically, identifies the elements and processes of reflexive evaluation and regulation to which such circuits are necessarily subject. Figure 17.2 represents a capitalist circuit of value in which the social relations of capital (labour:capital relations) and the imperative of the production of surplus value and its accumulation shape its trajectory. It points, again schematically, to a range of possible social evaluations to which such circuits are necessarily subject and the regulatory relations and technologies involved.

Figures 17.1 and 17.2 emphasise the movement and transformation of value across space and through time inherent to circuits of value and their economic geographies. But circuits also require at least temporary spatial fixity to enable the consumption, exchange and production of value to take place. It is this complex of relationships between movement/relationality and fixity/territoriality circuits of value that lies at the problematic heart of ‘local’ economic development. And it is these inherently complex spatialities rather than any apparent failings in the field of local economic development which explains its lack of “a coherent theoretical framework” (Rowe 2009: xvi). It follows that, unless the developmental effects of these spatialities are fully

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**Figure 17.1** Circuit of value.
Source: Author’s research
incorporated, efforts to deal with this lacuna from within the field are doomed to failure.

**Local development as problematic**

Local development is problematic because – even leaving aside the question of what may be meant by the ‘local’ – there is a contradiction between territories of development and the relationalities of circuits of value. The geographies of circuits of value are constituted of the relational networks and circuits of the production exchange and consumption of value. These circuits cross, and locate – in whole or in part – within territories. Further, they are heavily dependent upon territories for their conditions of existence with respect, for example, to legal relations, economic policies and regulation, to say nothing of the built environment and the economic significance of social institutions, civil society and locally embedded socio-political relations. Such necessary territorial conditions of existence of circuits of value point to the place-based nature of circuits of value. But they do not involve the place boundedness of circuits of value. Furthermore, just as places are, to an extent, substitutable in the dynamic geographies of circuits of value, so too can they be used to structure the geographies of the circuits. Particular parts of circuits may be placed in those locations that offer the greatest benefits to powerful participants in the circuit regardless of local developmental consequences.

**Can economic development be local?**

Given the necessary but fluid relationships between movement and stasis in circuits of value and the geographically substitutable relationships between places which are,
nevertheless, necessary conditions of existence of circuits of value, to what extent can economic development become, or remain local? It is possible to envisage at least five possible answers to this question:

i) Localisation of circuits of value. But then how much of a circuit of value within a locality would constitute local economic development: above or below 50 per cent? 75 per cent? 100 per cent?

ii) Localisation of any surplus created within circuits of value in a locality. The same questions of how much would constitute local economic development applies here too. Retention of the surplus without local control over it may constitute only a highly partial form of local economic development. But this raises further questions around the locus of control of this surplus – the spaces of hegemony in Figure 17.2. All economic geographies – even Robinson Crusoe single-person economic geographies – must have loci of control over their developmental trajectories. In capitalist economies these are the places of control over capital including, for example, corporate headquarters. But, in recent years these loci of control have taken place and been created and practised in a hierarchy of financial centres which control the switching of finance capital into and out of places and activities around circuits of value. Although they are, of course hegemonic only in certain spaces and times and are constantly vulnerable, they can and do exert hegemonic control thereby raising profound questions about the nature of their regulation by appropriate authorities (see Lee 2011).

iii) Localisation of the spaces of hegemony. Depending on the extent of the localisation this would imply a form of local economic autarky in terms of decisions governing the spatial and temporal switching of flows of value.

iv) Localisation of parts (as a whole or merely fragments) of circuits of value – production, exchange, consumption. Here the degree and form of local economic development would be shaped by which parts of circuits of value are present within a locality and how fragmentary their localisation may be.

v) Localisation of spaces of incorporation (e.g. labour markets, property markets) and/or of logistical relations (e.g. the movement of commodities). Local control over the relations of exchange does not, of course, imply any control over production or consumption.

Shaped and driven from both within and without, local economic development can be only partially local. ‘Development’ it may (or may not) be but ‘local’ it isn’t in anything other than a partial sense. This is a central problem for local development policy and practice. It is perfectly possible to think of locally autarkic circuits of value, for example, but almost impossible to envisage that these could make anything more than a marginal contribution to local economic development (see, for example, Lee et al. 2004). From this perspective, then, ‘local economic development’ means little more than the grounding of bits of circuits of value in ways that might be considered to enhance local economic activity.

Social relations and the spatialities and politics of circuits of value

But this is not all. What has been discussed thus far has focused primarily on a conception of economic activity considered in purely material terms – as circuits of value. This is an inadequate formulation.
Social relations and circuits of value

While circuits of value may have the superficial appearance of material flows of value through consumption, exchange and production, the nature, trajectory and purpose of these flows are shaped by social relations of value (compare Figures 17.1 and 17.2). Social relations of value are the shared, contested, or imposed understandings about the nature, norms and purposes of circuits of value. They make sense of, give direction to and, above all, define the parameters and the criteria of evaluation of circuits of value. Within circuits of capital (circuits of value shaped and driven by capitalist social relations of value) such criteria are primarily financial and concerned with accumulation and profitability. Any consideration of circuits of value not founded in these social relations is wholly incomplete. And this inherently social nature of the economic is inescapably political. It brings a whole new set of political and power relations into play.

Social relations and the evaluation and coherence of economic geographies

Economic geographies are, then, constructed not only out of material circuits of value but out of evaluations of these circuits. Social relations of value provide the templates for valuing value. They are, therefore, integral to economic geographies. And this is significant. Different social relations of value shape the construction of different economic geographies. But such evaluations must be capable of taking into account what is materially, environmentally and technologically possible. Further, the existence of an accepted, acceptable or imposed set of social relations of value (no matter how socially marginal or politically vulnerable that acceptance, acceptability or imposition may be) is also a necessary feature of all economic geographies.

But such coherence is not merely a question of economic logistics; it is a deeply political process. Different sets of social relations of value involve not only different bases of power and different relations of power but different spatialities – fragmented feudalism versus expansionary capitalism, for example (Poulantzas 1974). What is more, different sets of social relations also powerfully constrain the politics of choice. They define the limits of the possible in terms of the norms, standards and objectives of circuits of value. They identify what is good or bad; better or worse.

Politics and the spatialities of circuits of value

In such circumstances the politics arising from the conjunction of territorial and relational spatialities is all too apparent. The policy and practice of local economic development are those of relations of power played out between the drivers of the spatialities of territories and the drivers of the spatialities of relational circuits of value. And these relations of power are asymmetric in that the spatialities of circuits of capital are driven primarily by assessments of the financial consequences (which are far from necessarily congruent with any local developmental consequences) – assessments that are potentially

Unless effective mechanisms of regulation and evaluation are in place to maintain specific criteria by which value is assessed – and thereby to impose a particular trajectory upon economic practices and the spaces through which they take place – value may be ever changing, not only in form and specification, but also in the mode and criteria of its evaluation. Under such circumstances, the sustenance of the practical coherence of economy across space and time may be severely hampered.

(Lee 2006: 416)
global in extent. Furthermore — and as indicated above — such assessments are normally made out with the locality with little, if any, concern for local developmental consequences beyond those that might affect the financial performance of the relevant circuits of value. However, one of the consequences of the global financial crisis which began in 2007 is that the global reach of these financial assessments is likely both to be curtailed and substantially nationalised (temporarily at least), if not further localised.

And this politics is central to the question of local development. As a result of the decentred nature of the capital:labour relation, the significance and geographical indifference of finance capital and the Brennerian (Brenner 1977) centrality of competition within capitalist circuits of value, capitalist spatialities are inherently expansionary. Thus, if local development is both territorial and relational – its characteristics shaped by interactions between relational and territorial spatialities – then a critically significant framing of this interaction and the politics that arises from it is that of the uneven geographical and temporal dynamics of circuits of capital (Fagan and Le Heron 1994) and other circuits of value and their diverse engagement in material configurations of economic activity.

**Circuits of value and the making of the world economic geography**

It is important to stress the complexity of the geographical and temporal dynamics of circuits of value that constitute what is so misleadingly referred to simply as ‘globalisation’. As Peter Dicken points out (2007: 29),

\[\text{globalisation is far from an “all-embracing, inexorable, irreversible, homogenising force”.} \]

Quite the reverse. Globalisation is a process not a condition. It involves the multiple interactions of more (or less) geographically expansive circuits of value, especially circuits of capital, diverse networks of influence, social relations, metrologies and semiotics with local circumstances and the resultant social and material contradictions and contested transformations of the local and the global. Capitalism is, then, highly diverse (see e.g. Peck and Theodore 2007). It demands a geographical critique of what can easily become essentialist notions of state, capital, labour civil society brought to bear upon it in analyses lacking the geographical imagination vital to its comprehension (see, for example, Lee 2002).

In the contemporary world, this politically charged set of interactions takes place between the geography of an expansive capitalism and a world already full of history and geography. The power geometries and politics to which these intersections give rise are captured in Eric Hobsbawm’s description (1979: 310) of the making of the capitalist world economy:

\[\text{The capitalist world economy has grown up as an international, and increasingly worldwide, system evolving largely as a function of the development of its “advanced” sector, and in the first instance largely for the benefit of that sector. With certain exceptions, it therefore transformed the remainder of the world, insofar as this was not temporarily left to its own devices as lacking, for the time being, economic interest, into a set of subsidiary and thus dependent economies.} \]

Hobsbawm here describes dynamic circuits of capital pushing out selectively into the domains – both already capitalist and (today increasingly rare) non-capitalist – which surround them (see Wallerstein (e.g. 1979) for a different take on the making of the world economy).

The relations and contradictions between the dynamics of capitalist circuits of capital and those of the circuits of value into which they seek to expand are captured by Ernest Mandel (1975) in his suggestion that the
growth and spread of the world economic geography consists of three interrelated moments:

i) ongoing capitalist development in the domain(s) of established capitalist circuits of value
ii) pre-capitalist and partial capitalist development [and, it might be added, non-capitalist development] outside these domain(s)
iii) struggles between the expansion of i) and the resistance of ii).

The process of the formation and transformation of the world economic geography may, then, be understood in terms of a set of intersections of circuits of capital and circuits of value (see Figure 17.3). Expansionary circuits of capital (IV) push out from the major centres of capital accumulation and intersect with non-capitalist circuits of value (III) (Gibson-Graham 2006, 2008) offers many examples) and/or with local, partial or declining circuits of capital (V). Given the geographically expansionary and increasingly global nature of circuits of capital, it would be rare to discover autonomous circuits of value (I) and inconceivable to find isolated circuits of capital (II).

In Figure 17.3 struggles to establish or to resist capitalist social relations of production take place primarily at the intersections where labour power and the means of production or commodities are transferred between circuits of value to circuits of capital. As a result of such intersections, the material and social bases of local development may be undermined – in whole or in part – while the restructuring of capitalist and non-capitalist social relations occurs as local circuits are linked to wider bases of valuation. But Figure 17.3 underplays the extent and significance of financial relations in seeking out capitalist and non-capitalist circuits of value for integration into wider capitalist circuits. It also implies that capitalist social relations may spread mainly through the establishment of capitalist systems of production, whereas exposure not only to financial flows but also to the possibilities and imperatives of consumption opened up by capitalism is a major factor dissolving existing systems of production-consumption relations.

Furthermore, global circuits of capital now not only involve the circulation of commodity capital (international trade), production capital (see, for example, Palloix 1977) and production sites, but massive global flows of finance capital (banking capital as well as

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**Figure 17.3 Intersecting and non-intersecting circuits of value.**  
Source: Author’s research
direct and portfolio investment). Flows of commodity capital subject the circuits of value with which they connect to potentially devastating forms of evaluation from outwith as a growing proportion (currently around 30 per cent) of global production enters into international trade. Prices of commodities are, thereby, brought ever more intensely into competitive relationships with each other and so become increasingly affected – and hence disciplined – not only by local production costs and patterns of consumption but by global evaluations shaped increasingly by financialisation (Lee et al. 2009), especially of commodities.

The often highly uneven – in both space and time – historical geography of financial capital flows reflects the hyper-mobility of many forms of such capital. They incorporate the economic geographies in which they are insinuated into wider circuits of capital. This not only increases the dependence of these geographies on the conditions of investment in the regions from which the flows of capital derive but imposes new forms of evaluation upon the recipient geographies. Even flows of directly invested productive capital engage in dizzying constructions and destructions of economic geographies – often under severe conditions of financial evaluation (see, for example, Lee 2003).

**Orchestrating circuits in networks**

What is more, these relations are orchestrated not merely through markets but, as indicated above, through global commodity chains, networks of value, or global production networks. Such networks are “extremely complex structures with intricate links – horizontal, vertical and diagonal – forming multidimensional, multilayered lattices of economic activity” (Dicken 2007: 15). It is through them that circuits of value (circuits of production, exchange and consumption extended across space and through time) are choreographed by networks of inter- and intra-firm relations.

But there is more to such networks than this. They are shaped by capitalist relations of value defined, implemented and enforced through calculations of value and profitability and the consequent switching of capital undertaken within spaces of hegemony. In the years leading up to the financial crisis of the late 2000s these spaces came to be dominated by financially shaped circuits of capital now shaped to an extent by state and near-state regulated finance. However, no matter how apparently ‘free’ markets may appear to be, production networks are always heavily embedded via relations of governance in the territories across which they create and perform their relational geographies.

The geographies of these networks thereby reflect, once again, intersections between territorial and relational geographies. But these geographies are also closely shaped by the power relations of participants – producers, consumers, market makers and suppliers of logistics – within the networks. Thus networks of production take place through distinctive spatialities which, until the late 2000s (at least and probably beyond) had become both more intensely interconnected and geographically extensive. The increasing spatial extent and growing interconnection within and between production networks or the fracturing of such links have clear implications for the possibilities of the capture of value through local development, notwithstanding the crucial significance of the embeddedness of the networks in the places within which many of their conditions of existence are to be found.

**Spatialities of circuits of capital, local political transformations and the (im)possibility of endogenous development**

However, the consequences of a geographically expansionary or a receding capitalism
go well beyond those of disruptions to local circuits of value and the possibilities of the capture of value and local development. The creation of a capitalist world economic geography involves not only the expansion of a circuit of capital into, but the transformation of the social relations of production and consumption within, places. The geographical expansion of capital as a social relation necessitates the creation and/or transformation — ruthlessly if that is what it takes — of pre-existing social relations in places. Specifically, the reach of circuits of capital takes place through the:

i) purchase of labour power which presumes the existence of labour as a commodity (or the possibility of transforming labour into a commodity — labour power — capable of being bought and sold across a market), as well as of the means of production

ii) (geographical) restructuring of production

iii) sale both of means of production — which presumes the existence of a system of capitalist property relations — and of commodities which introduces capitalist forms of exchange

iv) subjection of local circuits of value to financial evaluation and financialisation from within the spaces of hegemony.

The struggles associated with the geographical expansion of capital identified by Mandel may have one of four possible outcomes:

i) transformation of non-capitalist social relations as a result of their replacement by capitalist social relations

ii) the mere interconnection of capitalist with the pre-capitalist social relations

iii) the partial adjustment of local social relations towards a capitalist form

iv) the rejection of and isolation from capitalist social relations and the development of alternative circuits of value.

These transformations demand, in turn, wider socio-political change. Within Europe, for example, labour came to be alienated from the ownership of the means of production more readily in the west than in the east. From the sixteenth century onwards, this pattern of uneven development gave rise to a momentous division (Okey 1982) with profound geo-economic and geo-political consequences which continue to reverberate well after the collapse of communism and the fall of the Berlin Wall in November 1989.

And, with the geographically constrained adoption of capitalist social relations and criteria of evaluation of circuits of value in China (albeit within a communist/state socialist regulatory framework), capitalist economic geographies now dominate, even if they do not necessarily fully determine, the global economic geography.

Within Russia, the failure to recognise the significance of deep-seated pre-capitalist relations of circuits of value in Russia during the sudden attempt to introduce capitalism into the country during the 1990s contributed to the severe crisis of 1998. The liberalisation of trade, large-scale privatisations and macro-economic control — especially of inflation — were presumed to induce the spread and growth of capitalism. But, as John Thornhill (1998: 14) posing the revealing question ‘Who lost Russia?’ (‘lost’, that is, to capitalism), wrote at the time:

while the reformers’ model may have been valid for part of the economy, it did not capture the whole picture. The legacy of 74 years of Communist rule [and, it might be added, before that, the centralised feudalism of the Czarist regimes] meant that large swathes of the economy were seemingly immune to market [i.e. capitalist] disciplines. ‘Privatised’ companies continued to be run like Soviet-era quasi ministries, subtracting rather than adding value to their inputs. They failed to pay either their taxes or their workers’ wages.
Loss-making industries reverted to barter trade, plunging workers into a largely non-cash economy.

Unsurprisingly, the consequences of these kinds of disruption have not been confined to economic disruption. For example, the almost continuous decline of especially male life expectancy in the Soviet Union during the 1990s was one manifestation of the effects of the ‘shock therapy’ of mass privatisation administered to the post-socialist countries during the decade (Stuckler et al. 2009). Although countries with high levels of social capital suffered less, there could hardly be a clearer demonstration of the all too probable links between ‘development’ and social and environmental ill-being (e.g. Lee 2010a). The links between certain quantitative measures of ‘development’ and their manifestation as social and environmental underdevelopment are all too obvious (see Pike et al. 2007).

The case of Russia points once again to the limited and highly problematic possibilities of local development within spatially extensive and highly dynamic circuits of capital. The comforting but uncritical distinction between endogenous and exogenous development in accounts of local economic development (see, for example, Stimson and Stough 2009) is undermined not only by the mutually formative relations between territorial and relational spatialities but by the disruption of endogenous relations by external norms and metrics of value and by the perpetual geographical switching of circuits of capital in response to financial evaluations or state directives from the spaces of capitalist hegemony (Figure 17.1 and 17.2). Not only is this distinction unsupportable given the constant interactions between territorial and relational spatialities, it is politically naïve, reactionary or both.

Think, for example, of the widespread repetition of the then UK Chancellor of the Exchequer (later to be Prime Minister) Gordon Brown’s careless remark “British jobs for ... British workers” made at a UK Labour Party conference in June 2007. Brown is an advocate of endogenous growth but misses the point that the endogenous notions of “British jobs” and “British workers” are meaningless in a globally connected economic geography. In such a context, there is a profound distinction to be made between the economic geography of Britain (or any other territory for that matter) and the British economic geography. The latter is, of course made up of circuits of value extending well beyond Britain and they in turn both shape, and are shaped by, the economic geographies taking place within the territory of Britain. Yet conventional economic notions of endogeneity refer not to the spatialities involved – these are ignored – but to the relative significance of supply- and demand-side influences on sustained changes in the so-called natural rate of growth (for a regional example, see Lanzafame 2009). This is a crucial issue for policy as it not only has the effect of extending and constricting what is economically possible but, as indicated above, has powerful reactionary political resonances too.

**Fractured spatialities and transformed conditions of local economic development?**

The economic and political uncertainties and vulnerabilities of globalisation have, perhaps, never been more apparent than they are at the end of the 2000s, and herein lies a set of possibilities for local development. In many ways – and notwithstanding the arguments pursued above on the constraints on local economic development in a spatially extensive world – there has rarely been a more pregnant time to consider these possibilities. Ways of doing things – of practising circuits of value, for example – need to change and this opens up spaces for the insertion of diverse economic practices less encumbered or constrained by circuits of capital into established and entrenched relations of power.
But there is a further and associated consideration highlighted by the financial turmoil of these years. The material spatialities of globalisation do not merely wax and wane but may be transformed along very different social relations of value and hence along very different political dimensions. Two examples of these qualitatively and politically different social relations of value shaping the vectors of globalisation would include global justice and responsibility (Massey 2004) not merely within but across territories and relational spaces. As J. K. Gibson-Graham (2008: 622), following Doreen Massey (2005, 2007; and see Cumbers et al. 2008) on the simultaneity and togetherness – conflict ridden or not – of social life puts it, this would involve a “move from a structural to an ethical vision of determination”. In terms of local economic development it follows from this move that:

[T]he academic task becomes not to explain why localities are incapable of looking beyond their boundaries but to explore how they might do so. (emphasis in original)

And what may bring such profound transformations to greater significance is the destabilisation, not merely of the spatialities of economic growth but of the social relations of value resulting from the profoundly geographical nature – in both cause and possible resolution – of the global financial crisis at the end of the first decade of the twenty-first century (McCarthy 2009). In the late 2000s, the further disturbance of hegemonic relations between global North and global South as a result of the financial crisis opens up the possibilities of new spatialities and, along with them, of new mutualities of development between South and South, as well as between North and South.

A central feature of the latter is the need to redress the massive global imbalances and levels of uneven development within and between North and South in terms of consumption in the former (to be reduced) and wage levels in the latter (to be increased) and, at the same time, to recognise the differentiated geographies and uneven development especially – but not only (see Cienski et al. 2009; Wagstyl 2009) – within the global South. This is not merely a question of market reform but of the restructuring of the provision of social security with particular attention being paid to the needs of the elderly and others marginal to circuits of value.

Further, the relations of development between North and South in the form, for example, of copyright, intellectual property, expertise (which, vitally, recognises the complex nature and developmental power of local expertise), infrastructure projects, aid and trade policy require fundamental reform. In terms of South–South relations, localities might be opened up to each other through supportive circuits of value and flows of policy and ideas shaped by social relations driven by collective and mutually supportive developmental agendas (see, for example, Manuel 2009). If able to recognise and to make such a critique, localities may look beyond their boundaries in sustaining a local economic development not based merely upon the local grounding of circuits of capital in locations deemed most effective by profit-driven criteria emanating from spaces of capitalist hegemony. Such transformations would enable the redrawing of power geometries and hence the source and nature of the evaluations which shape the spatialities of economic development.

So what might such transformed conditions of local economic development look like? Table 17.1 is little more than a list – merely indicative and illustrative and doubtless thoroughly incomplete – but, hopefully, it provides one way at least of framing some possibilities as a way of looking forward. The distinctions between the various conditions listed in Table 17.1 are not made merely on one dimension – for example, that of the quantitative and spatial extent of their effects. They also represent a range of different notions of what may be meant or imagined
by ‘local development’. And here the social relations of value and the politics associated with them are crucial. Table 17.1 is, therefore, arranged broadly in terms of the degree of fissure of the conditions of local economic development from the spatialities and social relations of capitalism. Thus as well as differentiating between different modes of local economic development, the table also provides a snapshot – however much out of focus – of the complex intersections between the spatialities of circuits of value and the politics deriving from them. However, the sections in the table should not be taken to imply that the distinctions highlighted by them are anything other than porous. The snapshot is both out of focus and in soft focus. The conditions of local economic development are more accurately envisaged as being arranged along a continuum. Certainly many could and should well appear in more than one row of the table.

A critical feature of such potential transformations in local economic development

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concerns the scale and institutional infrastructure involved. Micro-level initiatives may have great political and social significance – not least through the realisation of autonomy from the practices and relations of power within circuits of capital – but their material consequences are limited and localised. For Amin (2002: 125) the social economy, for example, “can never become a growth machine or an engine of job creation, or a substitute for the welfare state, but it can stand as a symbol of another kind of economy”. By comparison the reform of banks through the credit union movement or the provision of retail banking through a (re-) nationalised post office, for example, or the

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| **militant particularism** (Harvey 2001) | local (national state, city, region) interventions to displace capitalist social relations | radical social relations but constrained in terms of spatial extent and hence of transformation, e.g. 
Hayter and Harvey 1993 
• living wage/housing, etc., i.e. distributional issues rather than economy-wide  
| ‘the place of socialist politics’ (Harvey 1996: 32). A relational world necessitates ‘the move from tangible solidarities … to a more abstract set of conceptions that would have universal purchase’ but ‘in that move, something [is] bound to be lost’ (Harvey 1996: 33) | |  
| **the social economy** | policies designed to enhance the ‘meeting social needs and enhancing social citizenship (Amin et al. 2002: 125) |  
| ‘non-profit activities designed to combat social exclusion through socially useful goods sold in the market and which are not provided by the state or the private sector. (Amin: et al. 2002: vii) | local initiatives operating in parallel with mainstream economic relations, e.g. 
• on-line person-to-person finance (e.g. Zopa.com)  
• a range of detailed examples illustrative of the inherent limitations of the social economy (but see Benjamin 2009; Clark 2009) is offered in Amin et al. (2002)  
|  
| the ordinary economy (Lee 2006) | policies to enhance the realisation of the multiple, simultaneously practised values in all circuits of value across multiple differentiated localities | widespread practice of often small-scale initiatives operating on the basis of alternative values, e.g. 
• gardens for food (RHS 2009; but see Pudup 2008)  
• community enterprises and companies (e.g. pubs, shops, post offices) (see, for example, Brignall 2009; Jenkins 2009)  
| ‘Values matter and they are affected by our theories’ (Layard 2009: 19) | |  
| III post-capitalism | |  
| **diverse economies** | ‘performative practices for other worlds’ (Gibson-Graham 2008) including designing and thinking policy otherwise | the practice of autonomous economic geographies with circuits of value driven by locally agreed and practised social relations, e.g. 
• LETS (see, for example, Lee et al. 2004; Leney 2009)  
• Fuller et al. (2010) offer a range of examples |  
| **democratised economic geographies** | policies based on the democratic right to the economy (Gowan 2009) and city (Harvey 2009) | relations of economic engagement and practice driven by inclusive democratic relations |  

Source: Author’s research
financing of local authorities via National Savings, pension funds and other institutional investors to enable green infrastructural investment and schemes such as gardens for food, to take just two examples, are institutionally well-founded measures which address wider questions of carbon emissions as well as enhancing skills and local employment and so increasing the possibilities of the local capture of value.

Such initiatives involve political compromise in using existing mainstream institutions. Further, while such institutions have national, and even international, coverage and reach, they require reform and reorientation more fully to sustain the possibilities of local economic development offered by initiatives beyond capitalist circuits of value. A good example would be the reform of social security rules and the bases of personal taxation to encourage diverse economies. Similarly, the spatial constraints of many such initiatives require institutions which enable extra-local linkages to enable mutual support involving, for example, flows of resources such as knowledge to sustain innovation, and access to extra-local markets to sustain demand. In essence what is necessary here is the involvement of institutions capable of recognising and working with the relationality of circuits of value, so linking the extra-local with the local while, at the same time, the social relations of the territorial institutions from which local economic development derive many of its conditions of existence are reformed to enable local economic development.

**Concluding comments**

This chapter has argued that a recognition of the formative relations between territorial and relational spatialities is vital for any effective form of local development and, at the same time, that these intersections pose critical difficulties for any form of local development founded on localities. But this does not mean that localities are somehow powerless. A recognition of the possibilities for local development arising from the intersections of relational and territorial space, and for thinking local development otherwise than from the evaluative constraints and norms of the social relations of value of the mainstream economy presents a range of policy options.

Of course, these are neither easy to implement nor to sustain in any materially effective fashion. However, the notion of the ordinary economy accepts the material singularity of circuits of value as irreducible but also argues that:

> the economy is an integral part of everyday life, full of the contradictions, ethical dilemmas and multiple values that inform the quotidian business of making a living.

*(Lee 2006: 414)*

Here, perhaps, within this multiplicity of values lie the possibilities for democratic geographies of economic development reaching well beyond the prevailing norms and values of the geographies of capitalism. But, like all economic geographies, such have to be constructed. The possibilities are great but not infinite. And they are not infinite not least – but not only – because of the inherent materialities of economic geographies (see Lee 2010a). To be capable of effective social sustenance, all economic geographies have to be capable not only of producing at least as much value as is needed merely to maintain a population, a city or a region at a minimally acceptable level of living but they must also be capable of being continuously reproduced across space and through time. So policymaking must be hard-headed. One round of a circuit of value – alternative or otherwise – is a waste of effort and a material contradiction in terms, notwithstanding the politically liberating effects that even such a limited alternative might engender.

However, the significance of such political liberation is not to be gainsaid. A critical
imagination is also vital for effective policy-making (see Lee 2010b). There are only limited options facing policy-makers in trying to make the ‘local’ fit for prevailing mainstream norms of economic ‘development’. What must also be designed into policy is the pursuance of alternatives. These must be materially and environmentally effective but will likely be driven by quite different social relations of value and, thereby, environmental norms. Whether policy-making within the state – at whatever level – is capable of thinking like this and so going beyond its role as “a committee for managing the common affairs of the whole bourgeoisie” (Marx and Engels 1968: 37) is, of course, a moot point.

Certainly, given prevailing social relations of value, conventional institutions of policy-making and implementation within the state are probably not only incapable of the imagination necessary to design and implement the kinds of policies necessary to breathe sustainable economic life back into localities abandoned by mainstream circuits of value, they also lack the political and institutional legitimacy to do so. And yet:

[E]conomic geographies cannot … be reduced to a consideration of one static set of dominant social relations of value as such would be an impossibility. Rather they are constituted geographically, socially and politically – and hence practised – as co-present and dynamic hybridizations of alternative, complementary or competing social relations which may vary over the shortest stretches of time and space.

(Lee 2006: 421)

The political problem of policy lies, first, in the recognition of the diverse developmental possibilities presented by this impossibility, second, in the critique of mainstream options required to create a real democracy of choice based on the realisation of the futility, constraints and limitations of mainstream options and, third, in the political mobilisation necessary to sustain the kind of profound economic, social and environmental change capable of offering some kind of hope for dealing with the current conjuncture (Gowan 2009; Lee 2010b). However the dynamics of territorial and relational spatialities imply that economic practice and policy must also be dynamic; solutions are inevitably temporary.

But these are issues not merely for policy-makers. Quite the contrary. The point of a democratic form of economic development is that it should be informed by social relations of value which reflect democratically agreed preferences. But first there has to be a meaningful democracy of choice. As Rajaram and Soguk (2006: 367) argue, “‘[T]he political’ begins with the imposition of permanence onto an unhinged and fluid spatiality”. The point is to rupture and fragment such permanence. As Balakrishnan (2009: 26) has concluded, “[I]n the absence of organized political projects to build new forms of autonomous life, the ongoing crisis will be stalked by ecological fatalities that will not be evaded by autonomous growth.”

Herein lies the real – i.e. ecological and political – significance of alternative forms of development and the alternative geographies through which they may take place. Such development does not represent only imaginative material responses to thinking development otherwise. The practice of such responses is able to release the imagination to design and implement ecologically sound alternatives around which policy choices might be freely and effectively made. But, of course, such policies are dependent upon the adoption set of social relations of value capable of sustaining them. Thus the problem of policy is less that of logistics than of politics. The politics remains central.

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References


Further reading