

Interactive comment on “Contributions to economical geography-making” by J. E. Van Wezemaal

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Final author comment on anonymous referee nr.1

This referee acknowledges the papers contribution to debates on the nature of economic geography from an action theory research perspective, which is largely neglected in the English-speaking world. He or she criticises, as I understand, mainly the following points:

1. The relevance of Hartke's ideas in the development of the arguments of the paper is unclear.
2. The key concepts of regionalisation and geography-making in action oriented economic geography are taken for granted rather than discussed carefully.
3. There is a lack of empirical illustrations to make the theoretical concept clearer.
4. The references to Anglo Saxon literature could be broader and more up-to date.

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5. The conclusions should be explicated.

I would like to thank the referee for these comments - they are very helpful to sharpen the argument of the paper. I will address them briefly, following the numbering of the mentioned points above.

1. Relevance of Hartke The relevance of Hartke in developing the argument of the paper seems unclear. I would like to emphasise that the paper does not intend to be a discussion on Hartke. Rather I refer to his work to underline the awareness of standing in a tradition of German geography, which has been marginalised in economic geography until today. One reason for this is to be found in the dominance of traditions in the line of classical authors such as Alfred Weber, which draw on location problems and regional competitiveness rather than the shaping of our lifeworld in the course of economic action. The reference to Hartke means an action orientation to analyse the social constitution of landscape: geographies are being produced through action, economic leaders are the most powerful geography-makers.

2. Regionalisation and geography-making The concept of agency is comprehensively discussed in the paper. However the concept of regionalisation needs some further attention, as I learn from the referee. Since regionalisation is understood as an inherent aspect of action, the relevant question for action oriented economic geography is: how can we understand and explain the way agents refer to space, how this contributes to decision-making processes, and which impact this means for shaping (urban) landscape? In order to discuss the action oriented concept of regionalisation as well as its relevance to the research framework, it may be helpful to briefly compare the concepts of space in traditional, relational and action oriented economic geography. ¶ Traditional economic geography is a spatial science. It can be defined as the science of the spatial organisation of the economy. It aims at disclosing general rules on the spatial organisation of the economy, which are usually based on (metrical, time or cost) distance (Schätzl, 1993:17-18; Bathelt and Glückler, 2002:27; Van Wezemaal, 2005:33). In this classical context Regionalisation means a variant of classification, which fea-

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tures the call that the elements of regions not only share a common attribute, but that they can be taken as points, which build a contiguous area (Bartels, 1970:95). This traditional “economic geography of things and distances” is criticised by relational economic geography and by the action oriented geography put forward in the paper. ¶ Relational economic geography as developed by Bathelt and Glückler (2002) in the German linguistic context focuses on economic relations and uses mostly economic instead of spatial approaches to explain clusters of branches or business location retrieval. Space poses as a research perspective and as a context for firm behaviour. Research questions concern the differentiated competitiveness of regions, the role of clusters or networks for innovation processes etc. The approach could be labelled as economic geography of economic relations. ¶ Action oriented economic geography analyses economic action as explained in the paper. Questions concern the societal meaning of the spatial in decision-making processes, taking the material world as a condition, as a means and as a consequence of action. Regionalisation in this context means the social mastery of spatial relations in order to guide one’s own conduct and the conduct of others. The consequence of regionalising is geography-making, thus the reproduction or transformation of the material basis of social practise. The constitution of spatial investment hierarchies as an inherent facet of business optimisation can be taken as an example for regionalisation (Van Wezemael, 2005:172-179). References to the world of physical things are analysed using the concept of formal and classificatory term of space as a heuristic (Werlen, 1995:239). The approach can be labelled as economic geography of action.

3. Empirical evidence It has been suggested to use empirical illustrations to put some “empirical flesh on the conceptual bones” of the discussion paper in order to contextualise the ideas. I agree on this. In the revised paper I will provide some empirical findings on modes of regionalisation and geography-making in the context of housing. The following sections may give an idea of what regionalisation is about in geographical action analysis. The empirical evidence will be based on a housing study (Van Wezemael, 2004), which examines how local agents reinterpret global economic changes

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in their decision-making. These changes concern features such as dynamic firm development, changed management paradigms, global integration of financial and asset markets, the spread of international accounting standards, or the diffusion of computerised management tools. On the basis of a great variety of 22 case studies we can assert that the Swiss housing branch is increasingly split in respect of management objectives and procedures. This results in a polarising development of the present housing stock. The action analysis allows us to understand and explain how local geographies of production are altered in the course of modified modes of residential investment: the partial dynamisation of the housing industry implies changed modes of regionalisation both in individual action and in an aggregated logic in the sense of geography-making. The investigation of the impacts of the mentioned global economic changes on modes of strategic conduct typifies the agents of the branch into a dynamic segment of the “insiders” (with institutional investors) and a static segment of the “outsiders” (with both the non-profit organisations and the private landlords). Within the insider segments, financial professionalism and the corresponding implementation of management tools turn out to be increasingly important to the conduct of managers. Since different modes of action mean different modes of regionalisation, a change in strategic action can be analysed in respect of the implied changes of regionalisation. Therefore the manifold dimensions relevant to economic action such as business objectives, valuation procedures, the agent’s authority to dispose etc can be related to distinct modes of regionalisation. Whereas the model of goal-rational action can be referred to a metrical bordering of regions and a classification based on calculations in the case of the insiders, whereas the outsiders practise a lifeworld referring to space, which is based on sensual-bodily experiences (for a further discussion on regionalisation in housing economy see Van Wezemael (2004, 2005)): ¶ The analysis discloses that institutional agents increasingly employ metrical-calculatory modes of regionalisation both in strategic and operational respect. They do this in connection with their interpretation of the mentioned global economic changes. Explicit spatial strategies start with the objectives of the asset-strategy (ratio of assets and liabilities, risk exposure

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and the like). To realise their spatial portfolio strategy they realise a regional hierarchy of housing investments, which is led by an analysis of the present portfolio structure and supported by consultancy services. These services, which play a key role in decision-making, include an analysis of the spatial portfolio structure and a strategy formulation and a rating of regions that contains price level, vacancies, tax indices and accessibility of present and potential locations. In respect of regionalisation in operational every-day action, every option on the level of single real estates e.g. in the field of renewal and maintenance is evaluated on the basis of finance-based validation procedures and the synchronisation of edificial measures with the present portfolio structure and the strategy. Due to an objectivation and standardisation of management, this metrical-calculatory regionalisation in everyday action constitutes a mode of regionalisation, which is largely independent from lifeworld references and the subjectivity of the agents. ¶ The agents within the outsider-category (non-profit category and private landlords) very much differ from the ideal type of metrical-calculatory regionalisation by realising body-centred modes of regionalisation. The quality of a location is evaluated on the basis of experience-based know-how at micro level. At this the general appraisal of the location, distances to schools, transport and other infrastructure facilities are estimated on the basis of the agent's experience. Unlike the regionalisation of the institutional agents the mode of regionalisation is based on life-world categories. In this regard spatial referring is limited to locations, which are familiar to the agents from their everyday life. The consequence of these changes in decision-making processes is the making of different (housing) geographies: ¶ The up-valuations of the institutional investors in their strategic core regions such as higher utilisation of parcels and an increase of housing standards heighten the total investment in cities and agglomerations due to a shift of investment activities at the expense of rural areas. Consequently rents will rise in metropolitan areas. The reduction of low priced living space calls for cooperatives and thus promotes them in metropolitan areas, where they traditionally operate. Trading with rental houses only rises insignificantly in metropolitan areas since those agents, which are primarily investing in centres, will keep on with

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their priority and choose the option of holding their assets. ¶ The scenario for rural areas looks very differently, however. In these areas home ownership is predominant and private individuals as a landlord category are very much over-represented. Institutional agents withdraw from these locations, which causes a rise of sales. This lowers the market price level of the objects and provides an opportunity for private individuals to buy objects on good terms and in not renovated state. This allows them to realise value-conserving measures, which unlike value increasing measures can be set off against tax liability (Schweizerische Bundeskanzlei 2006). Tax optimisation is one of the main reasons for private individuals to invest into rental houses (Farago et al., 1993). Furthermore, institutional investors indicate that they intend to strategically sell smaller objects in the range of up to five or ten million Swiss francs, which accommodates to the willingness to pay of private individuals. If the absorption potential of those private individuals is high as it is at present, the supply of rental flats is assured in these less central areas. But in a medium term housing standard will lower since private individuals charily invest compared to institutional investors, and they generally are interested in tax optimisation and thus in value conservation.

4. References to Anglo Saxon literature This paper aims at pushing forward a debate on economic geography by introducing a concept, which is firmly connected to social geographical traditions in the German-speaking world. I agree that there is much more literature on regionalisation e.g. sailing under the flag of new regional geography etc. However, I do realise that mentioning those approaches would be helpful to arrange my suggested perspective within the international visible debate.

5. Conclusion The paper could conclude more explicitly and sum up, that the outlined framework contributes to the analysis of geography-making in the following ways. The framework of action oriented research in economic geography can bridge the gap between the today's "mainstream" economic geography, which at large is pre-occupied with questions of improved competitiveness of firms and regions (Zeller, 2003) on the one hand, and social geography approaches, which deal with the meaning of places,

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life-chances or everyday regionalisation on the other hand. The approach allows analysing problematic action situations such as deprived neighbourhoods, geographies of fear etc. by reconstructing the modes of action (and modes of regionalisation) that led to this situation and produced those geographies. As discussed in the paper this analysis presupposes the definition of agency as individual action, which is embedded in social systems. When we reconstruct how economic agents transform their own (spatial) action conditions and those of others, we must pay special attention to the unintended consequences of action. Identifying and explicating those consequences becomes the basis to put forward alternative strategies as to improve problematic situations. Therefore we can conclude that action orientation introduces a critical perspective to economic geography. Furthermore the framework allows connecting the manifold disciplinary and geographical theories such as organisation theories, management approaches, housing theories, network approaches etc. with the formal concepts of action theory by docking them to the ideal type constructions of action. Action oriented economic geography can contribute to evaluative theory development by contrasting the statements of explicatory theories with empirical results from action analysis.

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