



emphasis on the relationships between the more abstract (and aggregated) capital and labour in which variations among firms - capital - (or labour) were not deemed important. In the past decade, the shift towards realism and regulation theory has led to a much more explicit interest in individual firms, especially large corporations. In these (and related) approaches, firms are interpreted as institutions with the decision making characteristics associated with institutional or enterprise theories of the firm (Table II-1).

The three different theories of the firm and approaches to industrial location, alternatively theoretically interpret firms as Economic Persons, Satisficer Persons and Managers or Technostructures. Economic Persons optimize or maximize and are economically rational; they operate within an economic landscape which is interpreted in terms of costs and revenues; they respond automatically or instantaneously to economic forces; profit maximizing is considered socially beneficial so there is no conflict between firms and the economy. Over the long run, neoclassical firms survive by adapting to laws of demand and supply or, unless fortuitously saved by government subsidy or some other form of 'adoption, 'they fail. Satisficing firms, on the other hand, have limited information and they are boundedly rational; the behavioural economic landscape is interpreted as information flows which firms process through their 'mental maps' in order to make decisions. Over the long run, satisficing firms survive by learning (Simon 1958). For their part, managerial firms are dominated by big corporations which plan, develop strategies and structures, seek to grow, make profits and reduce uncertainty and which operate within an economic landscape of institutions interpreted in terms of 'countervailing powers' at the centre of which is a set of bargaining strategies between business, government and labour (Galbraith 1954). Over the long run, industrial evolution depends upon the play of these forces of political economy.

Collectively, these three frameworks serve to remind us that the reasons for industrial locations are complex, perhaps more so than is often realized and they

collectively enrich our understanding of location. In practice, eclecticism in contemporary literature on industrial location has blurred the boundaries between the theories. At the same time, these theories offer a different 'micro' basis for different evaluations of the evolution of industrial location patterns, different justifications of industrial location policy and different interpretations of 'labour' as a location factor. The distinction between neoclassical and managerial theory is of particular importance.