BOOK REVIEWS

Territories of Profit: Communications, Capitalist Development, and the Innovative Enterprises of G.F. Swift and Dell Computer. GARY FIELDS. Stanford: Stanford University Press, 2004. Pp. xviii+28_, maps, diagrams, index. $24.95, paper, ISBN 0804747229.

Historical analyses of economic phenomena have long been treated in an empiricist manner. How refreshing, then, to come across a well written, theoretically informed analysis. Gary Fields, a planner in the University of California San Diego Department of Communications, offers an innovative and compelling comparison of two American firms located in very different historical contexts to illustrate how corporations respond to, and in turn shape, rapidly changing technological and economic climates.

Fundamentally, Fields asks "How is geographical space for profit making (re)configured from the innovative activity of business firms" (p. 3), and proceeds to demonstrate that it is the visible hand of business administration, not some mythical invisible hand of the market, that offers the most insightful answers. His two examples, the dressed beef producer Swift and Dell Computer, both drew upon revolutions in communications and served as catalysts for implementing new technologies (the railroad and telegraph on the one hand and the Internet on the other) in economically advantageous ways. These technologies rapidly redefined the boundaries and nature of the markets in which they operated, and both firms were cutting-edge in deploying them to catapult themselves to the apex of their respective industries.

Fields draws on several bodies of literature to guide this analysis, including the history of technological innovation, the firm as a changing bundle of transactions, and works concerned with the social and spatial impacts of communications. He begins with Schumpeter, whose notion of "creative destruction" still remains one of the most insightful commentaries on capitalism's ceaseless change, adding successive layers concerned with entrepreneuralism and innovation. Fields' summary of transactions costs, ranging from Coase to Williamson to Chandler, is simply excellent. He carries this line of thought into the domain of communications, avoiding the technological determinism that plagues this genre. Even better, he meticulously carries this schema into a confrontation with empirical reality through two lengthy and detailed case studies, each of which would have made a dissertation unto itself.

In the late Nineteenth Century, the railroad and telegraph laid the foundations for the massive wave of time-space compression that formed a national market, oligopolized mass production, and mass consumption. The South and East became increasingly dependent upon the West for agricultural foodstuffs, and the West replied with an explosive increase in capacity. Beef, which had been produced and consumed on a strictly local basis, could be shipped inter-regionally with the advent of refrigerated railcars. In this context, G.F. Swift exploded as the largest dressed beef producer in the country, transforming Chicago in a meatpacking capital and revolutionizing the industry. The essence of Swift's creative destruction was the formation of a network of branch slaughtering and distribution houses that sold beef directly to retail butchers, disintermediating the wholesalers and middlemen that once occupied an important niche in the market and had now become obsolete obstacles to be swept away. Meatpacking became the nation's second-largest industry in terms of output, and Swift was its largest player. In reconfiguring the industry, Swift reconfigured its geography, replacing the older, decentralized distribution with a tight network of centers serving regional markets. These centers were in turn carefully coordinated through the telegraph, forming an early just-in-time distribution system. Swift became increasingly vertically integrated, purchasing ice and railroad cars to facilitate its operations and enjoying huge economies of scale in the process.

In the late Twentieth Century, similarly, Dell Computer revolutionized the personal computer industry. The Internet, originally simply a tool of communications, evolved into a new arena of commerce as business- to-business linkages became one of its dominant forms of usage. Fields traces the growth of the Internet, its multiple transformations as new browsers facilitated the entry of new users, and the ways in which digital communications produced new territories of retailing such as Amazon. com. Then, using interviews and company documents, he explores Dell's role in this process. Based in Austin, where Michael Dell began retrofitting PCs in his dorm room in _983, Dell Computers found a way to accelerate the industry's product cycle dramatically, moving the entire process of customer order, procurement, and delivery on-line. Fields attributes much of Dell's success to the industry's climate in the wake of IBM's decision to outsource most of the components of its own PCs, which led to modularized, standardized components – "like Legos" – that different firms could produce easily. A pioneer of Internet commerce, Dell used the Net and the Web to ascend to the top of the industry, bypassing many of the intermediaries that made computers expensive, and creating a radically new form of business organization in the process. As Dell expanded and became global in scope, its international operations became increasingly sophisticated and vertically integrated: A centralized ordering system via the Internet "pulls" material into the production process every two hours on a just-in-time basis. Assembly workers, located in four sites in Ireland, Texas, Malaysia, and China, put components together to form customized PCs in ninety *seconds*.

By way of conclusion, Fields compares and contrasts his two case studies to extract the most significant implications. Fundamentally, Swift and Dell showed that competitive advantage was to be found in the logistics of procurement, distribution, and marketing of beef and computers, respectively, rather than simply in new forms of production. Both firms took advantage of new communications technologies to usher in profound changes in their respective industries. In doing so, Fields reveals how value can be generated in the process of circulation as well as production. Whereas Swift played a key role in the formation of a national market, Dell served as an important actor in the construction of a globalized field of activity. Both examples point to the persistent remaking of time and space that lies at the heart of the process of commodity production and consumption.

This volume does not make light reading, nor should it. Fields has succeeded in giving economic geography an enlightening example of how historical scholarship and contemporary analyses can be integrated in mutually enlightening and transformative ways. We owe him a debt of gratitude for it.

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