1. Introduction

In this study, we attempt to show the important role of the social construction of the ‘city’ as a driver of contemporary capitalism. Capitalism requires the creation of space that is strongly characterised by political economic processes. In the prior Fordism era, the nation-state served as this fundamental unit of socio-economic space. In the domain of regional policy, many advanced countries have pursued the idea of ‘balanced development of national territory’. In other words, nations have planned and implemented a ‘spatial Keynesian’ regional policy that plays a crucial role in the modern welfare state.

Since the 1980s, cities and regions have emerged as the motor of the global economy. Many researchers have indicated the importance of more local scale, whether this takes the form of a global city or an industrial district located in the provinces.

More recently, numerous studies have attempted to define the process by which knowledge-creation-oriented industries developed in metropolises. This trend is associated with the apparent growth of the ‘creative economy’ (United Nation, 2010) or the ‘cognitive cultural economy’ (Scott, 2008; 2014), which is strongly concentrated in certain global cities. Many researchers have remarked the crucial importance of networks and communities developed in the city (the former of which expands operates on the global level), which promote knowledge creation and innovative activity. Urban policy increasingly focuses on changing the city into a ‘creative’ environment to attract talented individuals and develop their networks and communities.

As Scott (2014) underlines, such changes leave cities suffering from social and spatial transformations and visible disparities between the ‘creative class’ and the low-wage service class. This social and economic divide is spatially represented as a new landscape in the city. On the one hand, renewed districts for the ‘creative class’ through gentrification process; on the other hand, the resulting displacement of poor people from central districts.

This transformation of global cities should be understood in the context of the ‘production of space’ that supported the newly emerged global capitalism since the 1990s,
not only from knowledge creation viewpoint but also from politico-economic process over social conflict.

Here we attempt to understand urban areas’ prosperity results from the ‘production of space’ process inherent in modern global capitalism, with reference to three theoretical concepts, i.e. ‘production of space’ (Lefebvre), ‘convention’(economics of convention) and ‘new spirit of capitalism’ (Boltanski and Chiapello). We use the mediating concept of ‘convention’ to bridge the other two concepts. Finally, we demonstrate that the social construction of the ‘city’ plays a crucial role in contemporary capitalism.

2. Three concepts: ‘Production of space’, ‘conventions’ and ‘new spirit of capitalism’

Space and convention

The term ‘production of space’ was originally presented by French Marxist philosopher Henri Lefebvre, who elaborated the production of space theory. His study inspired theoretical debates on space by influential geographers such as David Harvey and Edward Soja.

All societies, capitalist ones in particular, require the production and the reproduction of space. Space by no means has a neutral and objective existence, as social relations and politics (arbitration of social conflict) lurk behind a ‘produced’ space just as in the reified commodity.

Si’il a un air neutre, indifférent par rapport au contenu, donc «purement » formel, abstrait d’une abstraction rationnelle, cet espace, c’est précisément parce qu’il est déjà occupé, aménagé, déjà objet de stratégies anciennes, dont on ne retrouve pas toujours les traces. (Lefebvre, 2000a, pp. 52–53)

Lefebvre distinguished three types of space and described the politico-economic process influencing the ‘production of space’: spatial practice (spatial pratique), representation of space (representation de l’espace) and representational spaces (l’espace de representiation). ‘Spatial practice’ concerns the physical space perceptions. ‘Representation of space’ refers to the space as conceived by urban planners or researchers of spatial science. ‘Representational spaces’ are the spaces of lived experiences filled with symbolic meanings and norms. The 1960s and 1970s were an epoch of redevelopment on a massive scale, it was against this backdrop that Lefebvre elaborated his fundamental concepts on space. Under the guise of urban planning, the ‘representational space’ of people living in the city was significantly replaced by the ‘representation of space’. The ‘representation of space’ has gradually arrived to displace ‘representational spaces’ by mobilising the physical base of
the built environment, which is experienced as a perception of space, called ‘spatial practice’.

It could be said that spaces with physical bases contribute to capitalism by stabilising the relations of production. For instance, even a leisure space can contribute to the reproduction of the labour force when it is superficially liberated from work by the separation of spaces for production and leisure. As per Lefebvre, space is an intermediary (intermédiaire) in all senses of the word, i.e. means, instrument, environment (milieu) and mediation. It is a profitable political tool for power. Spatial coherence enables the state or the dominant class to mobilise people and things violently, obscuring their true intentions and their contradiction with reality.

En tant que médiation, un tel espace instrumental permet soit d'imposer par la violence une certaine cohésion, soit de dissimuler sous une apparente cohérence rationnelle et objective les contradictions de la réalité. Ici les termes « cohésion » et « cohérence » signifient régulation cherchée, voulue, projetée, ce qui ne veut pas dire obtenue. (Lefebvre, 2000a, p.36)

Lefebvre (2000b) insists that (social) space is now a social product, as well as a specific reality within the current society. In addition, it is a global process such as commodities, money and capital, although it remains distinct from the other three. By acquiring an illusion of transparence, socially produced space becomes neutral, clear and objective. As mentioned above, space can be a basis for both thinking and behaviour as well as a means for governance and power. But even people who want to produce space to advance their political interests cannot absolutely control such space. In fact, ‘representational space’ could be fused with ‘representation of space’ through spatial practice, but being ‘concealed’ and ‘dangerous’ could be an opportunity to change an existing space.

In our view, Lefebvre’s theory on space appears to have a high degree of affinity with more recent trends of social constructionism that consider the reality of an object, and in particular for debates developed by economics of conventions. For instance, ‘spatial practice’ is a process that represents the rational conceptions of the ‘representation of space’ through physical mediations such as buildings and monuments and serves as a reference point for coordinating action with thinking. This produced space is composed of a series of conventions. Moreover, such space itself could be considered a convention. By appealing to the concept of convention, we could bridge the theory on the production of space and recent research trends as discussed above.

Economics of convention is a French theory of institutional economics that is situated in trends attempting to overcome the divide between subject and structure. It underlines
the plurality, arbitrariness and social construction of realities, appealing to the concept of convention. It especially matters here that the economics of convention also highlights the role of object in the process of economic coordination (Batifoulier ed., 2000). Objects (things) could be seen as an institution that serves as a collective cognitive device in coordination (Bessy, 2002). As per this viewpoint, spaces as physical elements could contribute to the reproduction of capitalist relations of production. As Lefebvre remarks, spaces are produced because of particular political interests. Within the framework of the economics of conventions, we can newly analyse the production of space as the construction of a specific reality through political process around a specific normative value that enables the qualification of people and objects (things).

For Boltanski & Thevenot (1991), qualification refers to defining the worth (grandeur) of the actors, and enables them to construct a reality as a common world. In the sense that its focus is a political process of mutual criticism and justification among actors with different interests, convention theory can be seen as political economy approaching to incorporate cognitive analysis.

City (Cité), a key concept of Boltanski & Thévenot (1991), refers to an ideal order arrayed around a certain principle of worth (grandeur). A City must incorporate internal coherence such as that described in classic political philosophy, where the values of both people and things are defined as per the inherent principle of the City. A City, therefore, is essentially a reference point for people to determine a certain (normative) value upon which to construct a social order. Accordingly, the reality of the social order must be justified and supported by the City’s worth. Boltanski & Thévenot identified six justification orders (so-called principles of the City) in French society, i.e. market, industrial, civic, domestic, inspiration and reputation.

'The new spirit of capitalism'

In the 1990s, City by project (Cité par projet) emerged as the seventh justification order and found itself at the core of the ‘new spirit of capitalism’. As per Boltanski & Chiapello (1999), capitalism does not produce an inherent device capable of mobilising people to participate in the process of capital accumulation, and thus has to rely on a ‘spirit’ of capitalism outside itself. By absorbing criticism, capitalism can generate a spirit to engage people in its own processes. Criticism is categorised into two main areas, i.e. social and artistic. Since the 1980s, capitalism has sought to avoid social criticism through the partial incorporation of artistic criticism, characterised by the requirements of liberation, individual autonomy, authenticity and so on.

In the City by project, in contrast with traditional communities based on families in a domestic City or the rigid hierarchies of big organisations in an industrial City, people
socialise in networks as individuals but work on projects collaboratively. People belong to multiple networks and can benefit in one network using knowledge or information derived from others. (This relates to the theory of social networks, which suggests that innovation originates from a structural hole (Burt, 1995) between different networks.) Especially in new capitalism, asymmetric relations between people with high mobility and people without mobility become crucial, and the former derive their profit from the latter.

A social tie within a network is based on a personal relationship. The distinction between social and economic life has increasingly faded away, rendering invalid the premise of separation between a worker’s personality and labour force. Accordingly, a person’s social life has become an important factor contributing to economic activity in contemporary capitalism.

3. ‘City by project’ embodied in the urban space

Based on the three key concepts, i.e. ‘production of space’, ‘conventions’ and ‘new spirit of capitalism’, we consider the ‘production of space’ under modern capitalism as qualified by diverse terms, i.e. cognitive capitalism, creative economy, knowledge-based economy and cognitive-cultural economy.

Community, network and City

Capitalism requires the production of spaces that are strongly characterised by politico-economic processes. In the prior Fordist era, the nation-state served as the fundamental unit of socio-economic space. In the domain of regional policy, many advanced countries pursued policies embodying the slogan of ‘balanced development of national territory’. In other words, nations implemented regional ‘spatial Keynesianism’ policies (Brenner, 2004), which played a crucial role in the welfare state.

In the modern global capitalism, which has been emerging since the 1980s, cities and regions are overtaking nation-states as the motor of global economy. Many researchers have indicated the importance of a more local scale, whether it is a global city or an industrial district located in the provinces.

Scott (2008) reflects that urban economic dynamics are led by industries exhibiting a strong tendency to agglomerate in large cities, i.e. technology-intensive manufacturing, the service industry (i.e. office, finance and personal services), the cultural products industry (i.e. media, cinema, music and tourism) and neo-artisanal design and fashion-conscious industries (i.e. apparel, jewellery and furniture). Most of these are ‘creative industries’ that depend on individual creativity. They are mainly based on cognitive-cultural skills such as management or production of knowledge, and they mostly produce cultural products whose
main values are their ability to present aesthetic designs, arouse emotions or act as cultural symbols. Scott indicates that these industries are central to the ‘cognitive-cultural economy’ that characterises contemporary capitalism.

Since the 2000s, the concept of the ‘creative city’, notably Richard Florida’s ‘creative class’ theory, has exerted significant influence on academic thought as well as practical fields such as urban policy. As per Florida, urban economic growth depends on whether a city is able to attract talented individuals, the so-called ‘creative class’, who contribute to the city’s creativity; he further identifies a city’s ability to nurture tolerant and open communities as key to attract this creative class (Florida, 2005). A city serves as a node where diverse human resources can move globally together to interact with these encounters resulting in the exchanges of knowledge and information that in turn spur knowledge creation and innovation.

Studies in this area have different emphases, but all view the creative city as somehow being able to nurture urban communities or networks that accumulate beyond individual enterprises to coalesce into an innovative or a creative milieu. Such open communities also act as nodes of global networks and enable both acquisition and creation of knowledge essential to innovation.

As a theoretical explanation of knowledge learning in a study on industrial agglomeration, the ‘community of practice’ concept (Lave and Wenger, 1991) is often cited alongside the SECI model presented by Nonaka & Takenaka (1995) (Amin and Cohendet, 2004). These theories present a learning mechanism that could operate in urban communities. In fact, this idea appears to agree with Richard Florida’s hypothesis to some extent: urban communities can play a crucial role in attracting abundant talent, who move ubiquitously. However, note that Florida’s urban community is characterised by having a high degree of openness and tolerance, and offering semi-anonymity (Florida, 2002; 2005). Therefore, it is useful to draw upon the concept of cognitive distance developed by Nooteboom (2008).

A cognitive distance is a non-spatial distance measured by the degree to which institutions are shared. As cognitive distance grows, the possibility of actors acquiring knowledge increases, but communication among them becomes more difficult. A trade-off exists between the value of knowledge and collaborative capacity. On the one hand, cognitive distance should be as small as possible to permit easier ‘exploitation’ of knowledge, while on the other hand, for the ‘exploration’ of knowledge, it needs to be larger but not so large that it reaches the point where communication difficulties become a hindrance. As per Nooteboom, exploitation and exploration1 could correspond, respectively, to ‘single-loop

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1 The former signify reform, amelioration and sophistication within a given knowledge base, while the latter comprise a makeover of a given knowledge base itself. These words are derived from March’s study on organisational learning (March, 1991).
learning’ and ‘double-loop learning’ (Argiris and Schön, 1978), or to ‘incremental innovation’ and ‘radical innovation’. He argues that ‘community of practice’ is more adequate to the exploitation of knowledge, that is, to single-loop learning.

If the logic of these theories is applied to industrial agglomeration theory, we can see that in old manufacturing regions, cognitive proximity is generally high, which is appropriate for incremental rather than radical innovation. Conversely, urban spaces with abundant communities and networks provide an environment of high cognitive distance conducive to the circulation of knowledge because different people from different backgrounds or multiple network channels gather together (Mizuno and Tatemi, 2007). Moreover, due to geographical proximity, even when people from different backgrounds meet, they can reduce their cognitive distance (difficulty in communicating) through face-to-face contact (often within an urban community), and therefore successfully obtain the knowledge necessary for radical innovation. Urban communities with the openness and tolerance suggested by Florida could provide these conditions and enable adequate cognitive distance among actors.

**Creativity and the ‘City by project’**

As innovation becomes more and more open, it becomes increasingly important to gain knowledge through access to communities and social networks beyond an enterprise’s frontier, which constitute an inseparable part of individual social lives. Knowledge necessary for planning and development are derived from multiple resources.

For instance, this viewpoint can explain the relationship of street fashion to the fashion industry as creative industry. Japanese apparel enterprises have found it increasingly imperative to sample street fashion as an urban culture shaped by interactions between consumers in the street (Tatemi and Kawaguchi, 2007). In this light, the fact that knowledge creation is at least partly based on interactions between possible strangers whose only commonality is a specific geographical place highlights the advantages enjoyed by the city as a cultural-cognitive economy.

We also refer to the debate of Cohendet & Simon (2008) on the co-evolution of enterprise and city. They examine the case of Montreal, a Canadian ‘creative city’, focussing on the relationship between diverse communities nurtured in the city and local enterprises’ knowledge creation. They address the apparent contradiction that a sizeable segment of these creative innovative enterprises lack both the massive R&D departments and developed methods of internal knowledge management, i.e. the SECI model. Creativity within these enterprises is achieved by interactions with numerous communities existing outside the enterprise itself. Instead of firms capturing and hoarding innovative networks internally for their sole benefit as in the Fordist era, modern innovation and knowledge
creation depend on communities and the talent dispersed therein, and accordingly, creative cities are able to develop the critical mass necessary for knowledge creation.

In relation to the debates on the features of modern capitalism, it should be highlighted that the relationship between urban community and knowledge creation merges with the concept of 'common' presented by Hardt & Negri (2009). The 'common' enables actors to acquire rent in cognitive capitalism.

How can this concept of 'common' be evaluated? David Harvey expressed shock at the fact that Negri & Hardt appreciate Florida’s concept (Harvey et al., 2009). However, given the level of criticism towards Florida’s ‘creative class’ theory, Harvey’s response is easy to anticipate.

In fact, the concept of a ‘creative city’ inspired by Florida's studies has created significant contention. It has been enthusiastically adopted by many urban policy makers, whereas many academic studies take more critical stances (Cohendet and Simon, 2008). Some reservations can be seen as stemming from belief in the existence of a neoliberal policy stimulating inter-urban competition in the ‘creative city’ strategy (Peck, 2005) intent on attracting the creative class and capital investment to their own city from across the globe (Pratt, 2010), thus seemingly pitting cities against one another in contradiction to the cooperative ethos that highlights the idea of creative collaboration and informal networks that characterise creative cities.

In any case, it appears certain that 'common' supports current capitalism as a new spirit that involves people in the capital accumulation process. In fact, an apparent overlap exists between discourses on the creative city or the creative class and the City by project, mainly adopted as the ‘new spirit of capitalism’ by Boltanski & Chiapello (1999). Urban communities and networks mentioned above are beneficial and are likely justified by the City by project, which absorbs artistic criticism. Urban communities are also emerging as a real place where face-to-face contact is made and trust is built, especially when actors in a network must face a high degree of fluidity and uncertainty. How are these real places constructed? The next section answers this question by elaborating the process of ‘production of space’.

4. ‘Production of space’: social construction of the ‘city’

As mentioned above, with the growth of interest in the ‘creative economy’ (Florida, 2002) or ‘cognitive cultural economy’ (Scott, 2008: 2014), many researchers remark upon the crucial importance of networks and communities developed in the urban space (the former expands at the global level), which promote knowledge creation and innovative activity.
In this regard, as per Florida, an urban ‘creative economy’ community should be based within a geographical place with a distinct personality: the quality of place matters for community formation in urban space. That is, personality of place derives from certain aspects of community, i.e. historical architectures, atmosphere of a district, characteristic music and culture. A place’s characteristics emerge from the amalgamation of different peoples and traits such as renovating architecture, men and women of all ages who come and go, air of old inhabitants, young well-paid workers, fashion models and homeless women (Florida, 2002).

Following the study of Boltanski & Chiapello, artistic criticism is assimilated by persons who work for creative industries and play an important role in modern capitalism. Authenticity of place and architecture influences their residential preferences. In numerous large cities over the past few decades, inner-city districts that have suffered social and physical deterioration have been transformed into places hosting sizeable creative classes though renovating the built environment constructed during the earlier prosperous era of manufacturing, a process called gentrification. The creative class prefers these neighbourhoods due to their geographical proximity to workplaces located in the Central Business District (CBD) and the surrounding area, as well as relatively lower land prices and authenticity that such districts offer.

The process of gentrification proceeds as follows. First, less well-off artists and creators move into an area due to its affordability and proximity, which results in the neighbourhood’s renewal through the renovation of degraded buildings—new construction contradicts the ethos of authenticity. Second, the more affluent gather, together with galleries, cultural facilities, style and fashionable restaurants/cafés.

Gentrification, on the one hand, contributes to the re-activation of districts facing socio-economic difficulties. On the other hand, it can lead to social exclusion because it entails the displacement of the lower income class that becomes priced out of their community as renovation leads to increased housing prices, an outcome that has drawn harsh social criticism (Smith, 1996). In any case, the ‘spatial practice’ called gentrification enables the ‘City by project’ to be both visualised and stabilised as common real worlds, thanks to elements constituting a built environment representing a ‘creative milieu’ as a whole.

In this regard, urban policy also places increasing focus on transforming the city into a creative milieu to attract talented individuals and develop their networks and communities. As Lefebvre stresses, ‘il y a politique de l’espace, parce que l’espace est politique’ (Lefebvre, 2000a, p. 59). Among current spatial policy trends, the most influential one over the past decade must be the support given to foster creative cities. Many global cities have adopted initiatives designed to change degraded neighbourhoods into creative milieu; factories and warehouses are renovated into centres of creative industries and
cultural faculties.

Finally, referring to the schema elaborated by David Harvey, we attempt to make clear a method of ‘production of space’ in the epoch of the new spirit of capitalism. In addition to Lefebvre’s concepts of space, i.e. spatial practice, representation of space and representational space, Harvey (2009) distinguishes between the three types of space, i.e. absolute space, relative space and relational space. He explains the dialectic of the political process upon the construction of space-time as a matrix of six types of space.

Absolute space signifies the ex-ante and unchangeable frame like Euclidean geometry, which is easy to quantify and measure. Relational space varies between observers (i.e. locational relations depend a great deal on the method of measurement: by time or cost). Therefore, a map projection system, even mathematically correct and objective, can nevertheless represent a specific relational truth. Relational space is the mode of thinking, which is produced by each process in each particular space and time. Harvey offers the example that the big bang did not occur in space and time, but it created space and time. The meaning (collective memory) of a place like Ground Zero concerns this type of space, consisting as it does of diverse accompanying relationships.

However, space itself cannot be defined unambiguously, i.e. it is not absolute, relative or relational. In fact, depending on a situation, it can be any of them or all the three at the same time. Therefore, Harvey says that one must ask how humanity creates the concept of space and uses it rather than accepting a uniform definition of space (Harvey, 2009).

It could be said that the City by project concept is broadly shared among people at the forefront of those who engage in creative industries. Although Florida’s discussion on the creative class is representative, studies on urban creativity, which frequently stress the important roles that community and networks play, are elaborated through the empirical observations of a method of business in creative industries and representations of creative class. Therefore it appears that each researcher identifies City by project as a reality, even if each researcher does so in a different way. In other words, by their own acts of research—which represent a form of knowledge creation—researchers also contribute to the production of ‘representation of space’ proper to the age of the creative economy.

Urban policy makers, seeking new political tools to survive inter-city competition, try to change the urban infrastructure into a new built environment adequate to the ‘representation of space’. Driven by endogenous socio-economic dynamic and political pressures, gentrification generates a new creative landscape and reformulates the City by project as physical things. It results in the assimilation of different types of space, i.e. ‘representation of space’ and ‘representational space’.

We could also capture the production of space as follows. A spatial container produced through political economic processes and an absolute space comprising the built
environment together function as a physical device to stabilise the *City by project*. Concerning the relative space, proximity in a compressed space enables and promotes activities at a global level. In relation to cognitive proximity defined as a degree of sharing institutions, a city as geographical reality (i.e. la ville) provides an optimal cognitive distance appropriate to knowledge transfer and thus supports creative economy. Concerning the gentrification that often entails the problem of social exclusion, space can be taken as a relational space involving idea, utopia and resistance by the people.

**Table. 1**

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<thead>
<tr>
<th>Absolute space and time</th>
<th>Representation of space (conceived)</th>
<th>Representational space (lived)</th>
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<tr>
<td>Relative space-time</td>
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<td>Relational spacetime</td>
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Urban spaces of production and reproduction are thus constructed as a convention. Scott (2004) states, ‘The dynamics of accumulation shape geographic space, and equally importantly, geographic space shapes the dynamics of accumulation’ (p. 494). In our view, socio-spatial dialects are now supported by the social construction of *City by project* through the mediation of production of space. We assert that *City by project* takes on a physical basis, which results in the term of ‘city’ having a dual meaning as la Cité = la ville.

**Conclusion**

Referring to the three concepts, i.e. ‘production of space’, ‘convention’ and ‘new spirit of capitalism’, we demonstrated that people involved in the creative economy at present are driven by the concepts of *City by project*, which functions as a core element of the spirit of modern capitalism. As an intermediary to the concept of convention, we could consider the production of space as a process involving the social construction of reality. Despite many researches, we cannot treat an urban space only as a place where knowledge creation occurs, neutral of political conflict. Bridging the theory of space initiated by Lefebvre and an analysis of current capitalism elaborated by Boltanski & Chiapello allows us to better understand the political economy over a production of space, an ongoing process in the creative economy era.
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