

Peck, Frank (1998) Book review: Multinationals and European integration - trade, investment and regional development. *International Planning Studies*, 3 (1). pp. 123-124.

Downloaded from: <http://insight.cumbria.ac.uk/id/eprint/4584/>

Usage of any items from the University of Cumbria's institutional repository 'Insight' must conform to the following fair usage guidelines.

Any item and its associated metadata held in the University of Cumbria's institutional repository Insight (unless stated otherwise on the metadata record) may be copied, displayed or performed, and stored in line with the JISC fair dealing guidelines (available [here](#)) for educational and not-for-profit activities

provided that

- the authors, title and full bibliographic details of the item are cited clearly when any part of the work is referred to verbally or in the written form
 - a hyperlink/URL to the original Insight record of that item is included in any citations of the work
- the content is not changed in any way
- all files required for usage of the item are kept together with the main item file.

You may not

- sell any part of an item
- refer to any part of an item without citation
- amend any item or contextualise it in a way that will impugn the creator's reputation
- remove or alter the copyright statement on an item.

The full policy can be found [here](#).

Alternatively contact the University of Cumbria Repository Editor by emailing insight@cumbria.ac.uk.

new millennium; and if he were still with us, I suspect that no one would be more pleased if this were done successfully than Gordon Cherry himself.

Ted Kitchen
School of Urban and Regional Studies
Sheffield Hallam University, UK

Reference

Ward, S. (1994) *Planning and Urban Change* (London: Paul Chapman).

Multinationals and European Integration—Trade, Investment and Regional Development

Nicholas A. Phelps

London: Jessica Kingsley, 1997, 181 pp., £18.95, ISBN 1-85302-3531 (pbk)

There is a considerable amount of literature on the topic of European integration and its impact on industrial location. Even so, according to the author of this book, there is little systematic evidence about spatial restructuring of companies and the way in which they are responding to increasing Europeanization of the economy. This particularly applies to inter-plant rivalry within firms engaged in rationalization programmes. The stated aim of the author is to explore issues relating to corporate restructuring across Europe using Wales as a case study region.

The early chapters provide a context for the analysis covering a wide range of issues relating to changes in branch economies. The author is justifiably critical of European Union (EU) policy documents which assume that multi-plant corporations will respond in a mechanistic way to the Single European Market (SEM) by reorganizing production in order to generate economies of scale and reduce transaction costs. In reality, corporations have multiple objectives and various other cost pressures which are ignored by this simplistic analysis. These points are well made. Industrial change is driven by a wide range of factors, including the search for greater flexibility and rapid response to markets as exemplified by post-Fordist models of development. Phelps questions other assumptions upon which these policies are based. In particular, he suggests that the 'Single' European Market is, in fact, still rather fragmented and that the search for economies of scale may be frustrated by the persistence of many non-tariff barriers to trade. The implied relationship between the concept of scale economies and spatial development is also questioned; do economies of scale accrue to firms or individual plants at particular locations, and how are the two related?

This critique is paralleled by a discussion of a plethora of ideas which now surround the concept of the 'branch plant'. Are branch plants becoming more 'embedded'? Is there such a thing as the 'quality' mobile investment? How are existing branch factories changing in character? The assumption that the evolution of the SEM will lead to rapid change in branch economies and greater concentration of production is challenged by noting the powerful effect of sunk

costs in existing facilities which can lead to high levels of industrial inertia. The author suggests that companies may be reluctant to close facilities which have developed particular features including firm-specific skills in the local labour market, integrated supply chains, effective technology transfer and long-standing trust relationships with a wide variety of other firms and institutions. These factors are now given greater credence than in the past in studies of industrial location and regional development. These ideas are explored in the context of a discussion of the role of clustering, agglomeration economies, regional institutional frameworks and networks in regional development.

These wide-ranging debates are brought to bear on the situation in Wales, which has in the past been typified as a branch plant economy. The author reviews evidence from previous studies which appear to indicate that multi-nationals operating in the Welsh economy are still predominantly influenced by cost-minimization; success in attracting investment, therefore, still depends primarily on low labour costs and grant regimes. However, there are some elements which indicate greater 'quality' of investment in some cases. These issues are explored further by reporting the results of a new survey of the 100 largest industrial employers in Wales. This provides the basis of further discussion of the branch plant syndrome and the level of change induced by the evolution of the SEM. The evidence suggests that there has only been very modest Europeanization by companies with a production base in Wales and that multi-nationals are generally reluctant to bear the costs of rationalization involving closure.

One could quibble about things which might have been discussed in a book entitled "*Multinationals and European Integration*". Some of the omissions are recognized by the author in the preface. The overtly economic view of integration at the exclusion of related social, cultural and political aspects of this process can, perhaps, be justified on the grounds of brevity. A discussion of the effects of enlargement on these processes may have been valuable considering the current success of Eastern European economies in attracting mobile investments. A more systematic coverage of other aspects of the production chain such as marketing, research & development, and the use of advanced communication technologies in controlling dispersed units, would also have strengthened parts of the analysis. What the book contains, however, is an analysis of the changing nature of branch plant economies using contemporary data on multi-nationals in Wales as an example. In this regard, this is a useful addition to the literature on the 'branch plant syndrome' and the effects of recent corporate restructuring on production units in peripheral regions.

Frank Peck
University of Northumbria at Carlisle, UK

The New Urban Frontier: Gentrification and the Revanchist City

Neil Smith

London: Routledge, 1996, 262 pp., £45.00, ISBN 0-415-13254-1 (hbk), £14.99, ISBN 0-415-13255-X (pbk)

Revanchism, as recounted in this highly recommended book, derives from the French *revanche*, 'revenge', and first functioned as an 'ism' in reference to