

## Commentary: An International Perspective

Analyzed from an international perspective, the distribution of industrial activities has been greatly affected in the past twenty years by the growth of major corporations, most of them American-based multinationals. These giant firms, often able to impose their will upon newly independent nation states or backward regions of industrialized countries, have transformed the geography of industrial location in their constant search for cheap labor, new markets, and favorable "business climates."

The experience of regional planning in France is a case in point. Originally conceived to overcome the predominance of the Paris region and to facilitate the spread of economic activity and the growth of underdeveloped regions, the regional policy of the French government has opened up many backward areas to foreign investment, thus increasing their dependency upon decisions made almost entirely without any legal input. Jobs have been created, regional incomes have increased, new segments of the population have entered the labor force, but this is not enough to term the regional policy a complete success.

The contradiction between a firm's locational prerogatives and the concerns of planners for an equitable distribution of the benefits of industrial development has always been a source of frustration in a capitalist society. The era of the multinational corporation has greatly added to this frustration. It can now be felt even at the national level where governments are often incapable of regulating firms that have learned to use their multiple nationalities and their available capital as effective bargaining powers.

A good deal of the post-war growth of the southern United States can be seen in a similar light. Rich in cheap, non-union labor, offering potential markets, the "Sunbelt" has attracted many industrial locators and recently a good many of these newcomers have been multinational corporations. According to David E. Gillespie (*Raleigh News and Observer* Aug. 2, 1978), "North Carolina has 150 foreign firms now operating within its borders. There are ninety-five manufacturing operations among the 250 separate plants, outlets, and offices from Manteo to Murphy. The total foreign investment exceeds \$1 billion. In the Southeast, North Carolina is joined in that select circle by South Carolina and Alabama."

Dependency, however, is not the only negative feature of the state's policy, and Michael Redmond points out some other important limitations of an industrial recruitment strategy, especially for those small communities most in need of new economic activities. Besides his well taken objections, it is hard to see why the industries locating in North Carolina should continue to forego the traditional economic advantages of larger metropolitan areas to meet the state's balanced growth objectives. Labor intensive activities geared to the production of finished goods for export rarely constitute a sound base upon which to found a policy of self-centered development. These industries remain turned to the outside world, thus minimizing their impact on the local economy. While they may meet to a certain extent the goal of balanced growth as defined by Secretary Faircloth, such growth remains of a dependent nature, leaving the people of North Carolina at the mercy of the locational decisions of large firms which are made increasingly footloose by the homogenization of markets, production processes and consumption patterns.

In such a context, Rick Carlisle's paper offers an in-

teresting and innovative alternative. Community-based enterprise (CBE) should be encouraged as a way of spreading industrial growth and enhancing the level of awareness and control of local communities. People seem indeed more and more eager to regain control over the decisions affecting their lives. Besides insuring greater local control, the community input associated with a community-based enterprise can also minimize the social tensions resulting from a policy of industrial development bringing rewards to a few privileged citizens at the expense of the welfare of the many. In that sense it offers the promise of democratizing the industrial recruitment process.

A CBE strategy raises some serious questions which Carlisle's paper does not directly address. Although such a strategy seems attractive from a social welfare point of view, it leaves unanswered the question of the economic performance of such firms and consequently long-term viability. CBEs would not only have to find markets but would have to remain competitive with large firms able to enjoy economies of scale and all the benefits of strategic planning. To stay healthy in such an environment, CBEs would then have to adopt the traditional measures of capitalist management. This would lead to decisions based on economic considerations alone which are not always easy to explain or justify to community stockholders who may have welfare preoccupations in mind. The record of small cooperative experiments in an environment that remains dominated by monopoly-capitalist firms is not encouraging. But some of these potential problems can be eliminated by using the CBE as a vehicle for political mobilization of local communities. Such communities would then be able to organize themselves into a powerful political lobby and to influence the general direction of the state industrial policy.

In order to avoid the overconcentration of industry in areas, balanced growth as proposed in the *forum* article can lead to a dependent industry structure and reduced local control. On the other hand, community based enterprises are more likely to achieve a goal of locally centered self-balanced growth and to rank better on an equity and social welfare index. But it is not clear that they would be efficient enough to compete with products put on the market by bigger firms. This dilemma between efficiency and equity has long been a key feature of regional planning. It is compounded by the growth of the large corporation as the most powerful agent of economic development. Today, the goal of balanced growth is a popular one; it is not clear to me, however, that it can be meaningfully met without a major transformation of our economic structures so that the welfare of all will take precedence over the profit of a few powerful corporations.

### References

- Gillespie, David E. 1978 "South's 'foreign connections' grow." *Raleigh News and Observer*, August 2.

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