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Review of:

Globalization Trends and Regional Development – Dynamics of FDI and Human Capital Flows

Roberta Capello and Tomaz Ponce Dentinho, Eds.

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Apparently rendered irrelevant by globalization, regions have been rediscovered as a force in economic and social development by both scholars and policy-makers. Localized inter-personal ties and networks are seen as important resources (Woolcock and Narayan, 2000), and the local supply of entrepreneurs has emerged as a key determinant of future economic growth (Chatterji et al., 2013). The rediscovery of the region as a space for generating development and shaping global processes has opened up new avenues for research and policy efforts within globalizing economic structures. Globalization has weakened institutional buffers between national economies and global markets, leading to increased inequality within countries and demanding for increased flexibility and specialized learning at the regional level. Embedding the global workplace in local spaces – as argued by Piore and Sabel (1984) – has become more critical than ever.

In their volume about globalization, institutions, and regional development in Europe, Amin and Thrift (1994) argued that adaptable regions with a diverse institutional presence can harness the forces of globalization to their own ends, and regional economic prosperity depends upon the ability of regions to adapt their institutional strategies to changes in the globalization phenomenon. The volume by Capello and Dentinho provides a significant update on this

perspective. The question being addressed is still essentially the same: what are the economic prospects of regions in a globalizing world? However, this new volume emphasizes new globalization trends and the new challenges they raise to local economies.

According to the editors of this volume, qualitative, rather than quantitative changes have characterized the reshaping of the global economy in recent times. The globalization of tasks, rather than sectors, the offshoring and outsourcing of service functions, de-industrialization in favor of services, and the decentralization of intertwined functions (manufacturing and related services) are reshaping the division of labor in the sub-national economies of advanced countries, and regional economies are competing to seize the opportunities resulting from these trends.

An emergent policy problem in contemporary societies concerns ways of dealing with the increase in interregional inequalities associated with increasing globalization. This issue has been highlighted by, among others, Scott and Storper (2003). Part I of the volume by Capello and Dentinho provides interesting perspectives related with this issue. While César das Neves contributes evidence of this emerging trend, Camagni and Capello discuss the future of European regions in the face of globalization and the economic crisis. A crucial issue for identifying inequality trends, as well as opportunities for growth, is understanding what gets produced where, with which inputs obtained from which supply chain, and sold in which spatial market. Donaghy's contribution discusses the impacts of globalization on models of spatial commerce and spatial price competition.

Part II of the volume by Capello and Dentinho focuses on new trends in foreign direct investments (FDI). FDI is both one of the main causes and one of the main outputs of globalization. Multinational firms have looked to fragment their value chains spatially and penetrate new geographic markets, while governments the world over offer significant inducements to attract inward investment, motivated by the expectation of spillover benefits to augment the primary benefits of a boost to national income from new investment. A

significant stream of works have analyzed the impacts on FDI over the last decade (e.g. Haskel et al., 2007). In contributing to these stream, the chapter by Casi and Resmini highlights the increasing impact of service FDI on regional growth performance. An important trend in FDI flows in Europe has been a spatial re-orientation from Western towards Eastern regions. This trend has affected the patterns of global localization of investment by multinational companies, and the dynamics of competition for FDI and regional growth opportunities, as discussed in the contributions by Carballo-Cruz and Pontes. The chapter by Ramos Silva discusses the concomitant challenges for regional policy towards FDI.

The final portion of Capello and Dentinho's volume (Part III) looks at new trends in human capital movements. The globalization of labor and the de-localization and outsourcing of the production of goods and services has significantly increased the diversity and complexity of migration flows, as highlighted in the contribution by Baycan and Nijkamp. International migration patterns are increasingly assuming a long-distance nature associated with economic, social, and political connections. Labor flows are gradually less about seeking refuge from low development conditions and more about taking advantage of opportunities for learning and entrepreneurship. The contributions by Sahin et al. and Ornelas Martins and Mendes in this volume look more specifically at the impacts of the new migration process on the receiving countries.

In general, this new volume provides an interesting collection of contributions highlighting new trends in globalization with regard to investment and human capital flows across regions, and their impact on development as well as social issues such as inequality and exclusion. This book is of use to any scholar interested in the regional dynamics of the globalization phenomenon. Intensifying globalization is strengthening the role of regional economies as synergy-laden systems of physical and relational assets, and their importance to economic development is increasing and not diminishing. This trend warrants more research from scholars in economics, geography, and the social sciences.

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