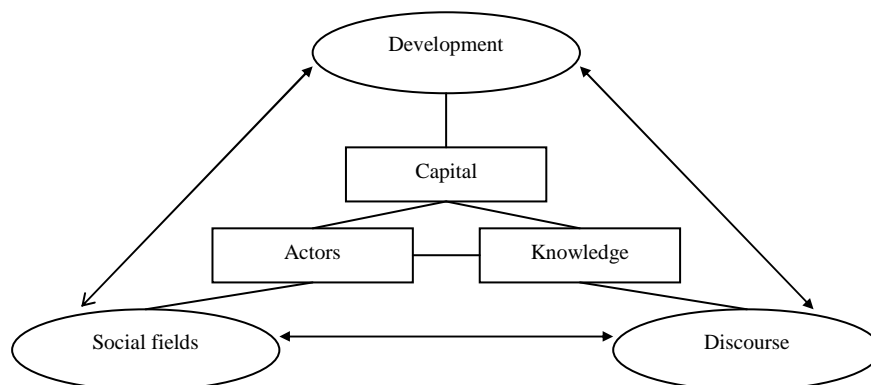


The Spatial Embeddedness of Foreign Direct Investment: Investigating the complex dynamics of FDI for power, regional development and poverty in developing countries

1. Background and objectives

An important part of the background for the project *The Spatial Embeddedness of Foreign Direct Investment: Investigating the complex dynamics of FDI for power, regional development and poverty in developing countries* was the observation that the rate of Foreign Direct Investment (FDI) had increased dramatically in the three decades preceding the project. From 1970 to 2000, total FDI doubled 85 times. A vast increase in the rate of FDI globally has meant that resources and economic processes in countries the global South are increasingly controlled by interests in other countries, many of them in the global North. At the same time, FDI can transfer skills, capital and technology to places that lack them and therefore spur development.

Using insights from human geography, we sought to study this by broadening the economic concept of FDI to include not just *capital*, but also the *actors* that are involved and the *knowledges* that allows actors to pursue their goals. This is what we called the *capital-actors-knowledge complex*. The idea was that this would enable us to capture the social, economic and political processes that are embedded in FDI. As illustrated in the model below, each of the pillars in the complex corresponds to a methodological approach. Capital corresponds to the standard tools of measuring economic development, knowledge corresponds to discourse analysis, and actors corresponds to methodologies on social fields. The different case studies or parts of the umbrella project emphasized one of these pillars and the corresponding methodology, while drawing on the other two pillars to different degrees.



The basic research question for the project was as follows:

- *How can studies of the spatial embeddedness of FDI through the capital-actor-knowledge complex enhance understandings of FDI dynamics?*

In addition, the project looked into the following sub-question:

- *How can **FDI as discourse** inform theories of contemporary power relations and their articulation in spatial scales?*
- *How can **FDI as social fields** inform theories of innovation and regional development?*
- *How can **FDI as development** analysis inform theories of poverty?*

In terms of academic output, the initial objective was that the project would generate 1 doctoral degree, 4 academic journal publications, support Master's theses, in addition to presentations in national and international conferences.

2. Results

The research conducted for the project took these objectives as its point of departure and roughly proceeded according to plan. The case study by doctoral fellow, taking a discourse perspective on FDI, followed a set of unforeseen events in Bolivia that were highly relevant for the study. Leftist President Evo Morales won popular support to nationalize the gas sector, the sector under study, which placed FDI at the centre of public debate and controversy. The research uncovered the longer historical trajectories of nationalization, looked at the political forces behind it, and argued that the interests of organized labour were marginalized in the implementation of nationalization. More generally, we found that FDI policy discourse, particularly as articulated by the International Monetary Fund, narrowed the political spaces of organized labour while at the same time opening some new opportunities for other political actors, such as the indigenous movement. The results of the research show that current efforts of the government to strengthen civil society have not been particularly successful when it comes to labour unions, something that continues to negatively affect the bargaining power of labour unions vis-à-vis foreign investors in natural resource sectors.

The work in Chile focused on the local effects of FDI in the aquaculture industry and the ways in which local actors are involved in development-related processes. Here also unforeseen events gave a renewed relevance to the project, as the industry was hit by an ISA virus epidemic that made workers unemployed and hurt the local economy significantly. Some of the research took cues from this event, and used it as an opportunity to examine dynamics between FDI, local actors and development. Findings showed that both local municipalities and other civil actors had been excluded from processes shaping the industry, in part by the centralized state regulatory system and lack of foreign investors' engagement with local communities. In publications, it was recommended that the state regulatory system should be decentralized and that the local level, particularly local government, should be given responsibilities and influence in governance. Research for Master's theses supported by the project contributed to these findings, but also developed different foci and independent findings.

The project resulted in one doctoral dissertation:

- Haarstad, H. 2009. *Changing conditions for political practice: FDI discourse and political spaces for labor in Bolivia*. Department of Geography, University of Bergen. Submitted to the Faculty of Social Science, UiB, April 6, 2009. Defended September 18, 2009. The dissertation consisted of six of the articles listed below, in addition to introduction and conclusion chapters.

The project's record of publication in peer-reviewed publications well exceeds the initial objectives (published and in process):

- Fløysand, A and Haarstad, H. 2008. Foreign direct investments in development strategies: Norwegian FDI and the tendency for agglomeration. In: Tamásy, C and Taylor, M. *Globalising Worlds and New Economic Configurations*. Ashgate, London, pp. 47-56.
- Haarstad, H and Fløysand, A. 2007. Globalization and the power of rescaled narratives: A case of opposition to mining in Tambogrande, Peru. *Political Geography*, 26, No. 3, pp. 289-308.
- Haarstad, H. 2007. Collective Political Subjectivity and the problem of scale. *Contemporary Politics*, 13, No. 1, pp. 57-74.

- Haarstad, H. Maneuvering the spaces of globalization: the rearticulation of the Bolivian labor movement. Forthcoming in *Norwegian Journal of Geography*.
- Haarstad, H. and Andersson, V. 2009. Backlash Reconsidered: Neoliberalism and Popular Mobilization in Bolivia. *Latin American Politics and Society*, 51, No. 4, pp. 1-28.
- Haarstad, H. 2009. Globalization and the New Spaces for Social Movement Politics: The Marginalization of Labor Unions in Bolivian Gas Nationalization. *Globalizations*, 6, No. 2, pp. 169-185.
- Haarstad, H. 2009. FDI policy and political spaces for labour: the disarticulation of the Bolivian *petroleros*. *Geoforum*, 40, No. 2, pp. 239-248.
- Juliussen Skråmestø, S. and Fløysand, A. FDI, local conditions and development in Estonia. Forthcoming in *Norwegian Journal of Geography*.

One report was authored in Spanish, aimed for local municipalities and other stakeholders:

- Fløysand, A. and Román, A. 2008. Industria salmonera, sistemas de innovación y desarrollo local. El punto de vista de las municipalidades de Chiloé. [Salmon industry, innovation systems and local development. The point of view of the municipalities on Chiloé]. Department of Geography, University of Bergen. 98 pages.

Doctoral fellow Haarstad received additional FRISAM funding for a 3 month research visit at the School of Geography, University of Oxford. The visit took place between March 1st and June 1st, 2008. During the visit he benefited from the vast library resources of the University, participated in seminars and made contacts with relevant scholars.

Eight (8) Master's theses supported by the project and contributing to the project's findings were completed and examined. The doctoral fellow and the project manager presented findings from the project at several national and international conferences. The project maintains a website (<http://fdi.uib.no>) where interested readers can find descriptions of the project and links to publications.

3. Expected use values

Most of the dissemination of project results was oriented towards international peer-reviewed journals. In these journals, the findings of the projects contribute to academic debates on central issues in the social sciences, such as globalization, development and natural resource management. Some of the results have already been integrated into teaching at the University of Bergen, University of Oslo, University of Newcastle, University of Manchester and possibly elsewhere.

Results of the Chilean case were disseminated to local communities in the region of study. The report discussing the aquaculture industry from the local perspective was authored in Spanish and sent to municipalities and stakeholders on Chiloé with this in mind. The report is useful to these actors particularly in showing the way the aquaculture industry is affecting the region, and providing a basis for further cooperation between municipalities in how to manage and respond to inflows of FDI.

Dissemination of results from the Bolivian case study to relevant stakeholders is forthcoming. The results can better enable stakeholders and policy makers to understand the implications of different types of FDI policy for organizations in civil society, and make clear the necessity of proper regulation and monitoring of working conditions in foreign companies. This could in turn make organized labour into a relevant partner for foreign investors in bargaining processes over wages and conditions.