

# (Re-)Assembling Foreign Direct Investment in an Irish Small Town



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# Context

- Examining dynamics and differential geographies of Foreign Direct Investment in rural towns as an expression of globalization
- Part of larger European Research Council project GLOBAL-RURAL
- FDI as a process of interactions between a corporation and a locality
- Impacts of FDI on place

# FDI Literature

Existing literature on FDI tends to fall into three categories:

- Economic analysis of factors attracting FDI
  - Political-economic analysis of policies and regimes underpinning inward investment as a regional development strategy
  - Firm-centred analysis
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- **Global Production Networks (GPN)** approach allows more nuanced engagement with locality factors in investigating corporate networks, but still firm-centred

# Assemblage Approach

- *Assemblage* as a noun.
- Analytical framework derived from De Landa (2005) *A New Philosophy of Society*:
  - Assemblages made up of components with both material and expressive functions
  - Assemblages given shape by territorialisation and deterritorialisation
  - Identity and rules of assemblages established through coding
  - Assemblages interact with other assemblages, from which larger assemblages may emerge
  - Components may be detached from one assemblage and plugged into another, where their relations may be different
  - Assemblages tend toward internal homogeneity
  - Assemblages are dynamic and constantly in a state of becoming

# Firms as Assemblages

- Firms comprised by material and expressive components (e.g. plant, labour, resources, products, intellectual property)
- Territorialisation of firms expressed spatially and organisationally
- Coding of firms through branding, internal regulations and accounting processes
- Tendency to internal homogeneity
- Interaction with other assemblages through commodity chains, relations with other firms and localities
- Parts may be moved between assemblages (corporate takeovers; relocation of plants)
- Firms as dynamic organisations – deterritorialisation through innovation and restructuring

# Places as Assemblages

- Places compromised by components with material and expressive roles
  - Territorialised spatially and socially
  - Coding through naming, local laws, social conventions and discourses of place
  - Interactions with translocal assemblages, including corporations
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- Components may be part of both place- and translocal-assemblages but may play different roles in each (e.g. factory)

# Assemblage Approach

- *Assemblage* as a verb (= *agencement*)
- FDI as a processing of assembling or re-assembling components to create new assemblages
- Role of *connectors* that make linkages between components and between assemblages
- Micro-politics
- Questions of power and agency

# FDI in Ireland

- Foreign Direct Investment a key element in the 'Celtic Tiger' boom of the late 20th century
- Policy initiated by Taoiseach Sean Lemass in 1959 and accelerated after EC accession in 1972
- Foreign firms responsible for 45% of expansion of industrial jobs and 71% of Irish-produced exports by 1996 (Flanagan 2007)
- Contribution of FDI to GDP growth in Ireland 10x rate in Germany, 5x France and 4x UK (Financial Times 2009, quoted by McCann 2011)
- Total US investment in Ireland worth US\$87 bn in 2008 (FT 2009, quoted by McCann 2011)
- Largest volume in Dublin and other major cities, but also investments in many smaller rural towns

# County Mayo



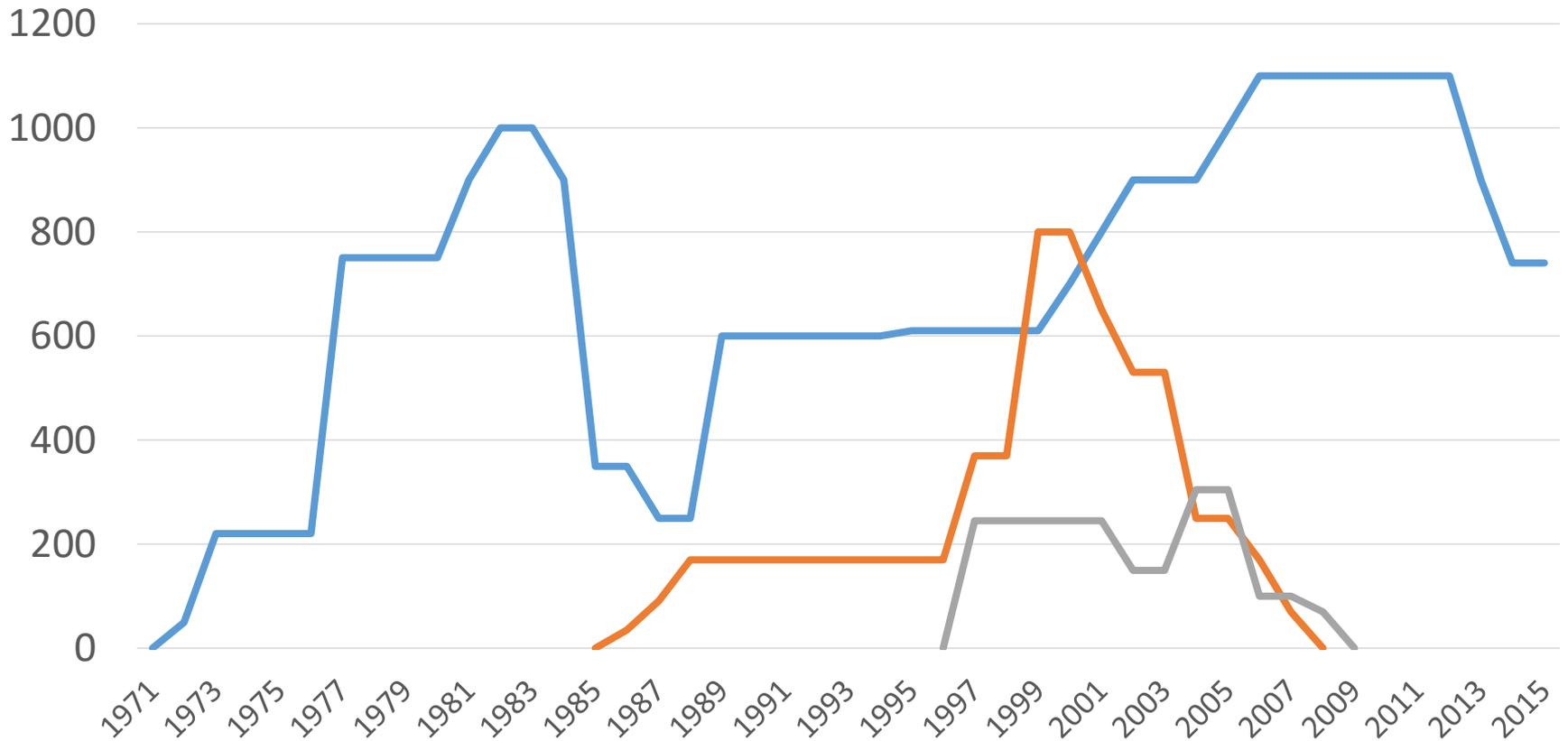
# Castlebar

- Town of 12,318 people (2011)
- Administrative centre for County Mayo
- Early proto-FDI with establishment of Western Hats factory in 1930s by Czechoslovak Jewish refugees
- Expansion of FDI by US and European firms in 1970s and 1980s
- Baxter Travenol branch plant 1972





# Employment in Castlebar by Major Foreign Firms



- Baxter-Travenol (US)
- Cable Products (US)/Volex (UK)
- American Power Conversion (APC)(US)

# 1) Assembling FDI

- Firms attracted to Castlebar by availability of required material components
  - Land and/or factory units
  - Skilled labour
  - Access to resources and suppliers
  - Transport infrastructure (Knock airport)
- Assemblage involves re-arranging components or introducing new components:

“I was working in the Post Office when the county development officer ... arrived over to the Post Office with an man called Doug Scott who was to become the general manager of Travenol, and they were applying for two telephones. You had to apply at that time for a telephone about six months before you would get it .... Part of the application was how many people are you going to employ, and he put down, this man Scott, optimistically I thought ‘maybe 200’” (Former Chair of Castlebar Town Council)

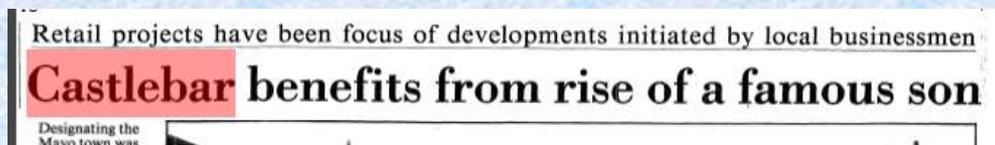
# 1) Assembling FDI

- Role of connectors in facilitating interest and investment in Castlebar
  - Promotional material
  - Fiscal incentives
  - Industrial Development Authority (IDA)
  - Key individuals and serendipity

“I was in Dublin, it was the night Brazil were playing Germany in the World Cup, and I met this guy, we were watching the match at first, but as the result was 3-0 and at one stage we lost interest and began to talk... I didn't know him, I knew the friend he was with, but we began to talk about carbon credits ... and then he began to tell me about what he was doing. He'd built up a big company and he sold it and he is developing this project. And I said, “Are you looking for a home for it”, he said, “I am, I'm looking for a big empty building”. And I said, “I have a building for you”, “Where is this?” he said. So he got out his Google maps and Google Earth and we were looking at it. “Actually,” I said, “I proposed at a council meeting that Mayo County Council would buy that building to protect it, so that if a big employer came in one day we'd have a place to put them.” “So,” I said, “If you're in a position to create jobs in Castlebar, I'll introduce you to the county manager and we'll try to sell that building to you.” (County Councillor)

# 1) Assembling FDI

- Role of patronage in a clientelist political system



Padraig Flynn

“It was a particularly opportune time for me [to attract investors] that while I was Chairman of the Council I was from the same town as the Taoiseach, from the same party as the Taoiseach, and I suppose my brother was in the Senate, in fact we were unique at one stage – I was the Chairman of the Council, my brother was the Chairman of the Senate, and Enda was the Taoiseach, and the three of us were from the same Fine Gael branch, here in Castlebar.” (County Councillor)



Enda Kenny

## 2) Role of Expressive Components

- Expressive as well as material roles of components important in attracting investment to Castlebar
- Appeal to Irish heritage

“I was in a room full of business people that were looking to expand into Ireland from abroad, and I saw so much good will towards Ireland, particularly from America, because of the [family] connections and they love the island of Ireland, and the greenness and the warmth of the people and the connections that they had ... They had this kind of notion in their head about the culture, and then they come here and they really enjoy the festivities and the craic that they have here, at the same time there’s a serious side to that too, they come here to get their business done and have some fun along the way.”

(County Councillor)

## 2) Role of Expressive Components

- Expressions of rural location, pleasant environment, culture and *craic*

“We made a video promoting Castlebar that people from Cable Products participated in, they said that they had come to Castlebar, they had picked Castlebar over others, because they liked the people they met better than anywhere else.”  
(Former Town Councillor)



# 3) Castlebar as an Assemblage

- Social re-territorialisation of Castlebar
  - For 43% of employees at major foreign-owned factories in Co. Mayo in 1987 (Baxter-Travenol, Allergan, Asahi, Hollister) it was their first non-farming job (Cuddy 1987)
  - Employment for women – 70% of employees in the major foreign-owned factories in Co. Mayo in 1987 were women (Cuddy 1987)



# 4) Firms as Assemblages

- Castlebar branch plants were components in the wider assemblages of their parent companies
  - Corporate hierarchies
  - Internal coding and accounting
  - Internal heterogeneity
- “Foreign companies brought a new standard of expectations about work performance as well, pushing aside the ‘manana’ or ‘twill do’ approaches to doing business that had allegedly been part of the traditional Irish business culture.” (Flanagan 2007, *Ireland Now*, p 39)
- Baxter Travelnol imported American managers for its plant during first decade in Castlebar
- Factories competing with other branch plants in corporation rather than with other companies (c.f. Inglis on NEC in Ballivor, Ireland)

# 5) Dynamic Assemblages?

- FDI is not a one-off event but a continuing dynamic process that involves repeated acts of re-assembly
- Re-coding of branch plants within corporate assemblages can lead to deterritorialisation
- Several firms have both invested and disinvested in Castlebar since 1970s (e.g. APC, Grumbacher, Volex)
- Baxter Travenol announced plans to close Castlebar plant in 1984 – but....



Former American Power Conversion (APC) plant

# 5) Dynamic Assemblages

“Pressure from the French government to switch manufacturing to an expanded plant at La Chatre was the reason given for Baxter-Travenol’s announcement in January 1985 that it was closing its healthcare products factory in Castlebar, Co. Mayo, with the loss of almost 900 jobs.

In fact, the truth was much more upsetting to the workers involved – the factory was closing because it was uncompetitive on price producing goods of a lower quality than other Baxter plants and giving an indifferent customer service.”

*Irish Times, 19 June 1989*

## Big loss of jobs feared in Mayo firm

By Pdraig O'Morain

HUNDREDS of job losses in Castlebar, Co Mayo, may be announced this evening, when Travenol Laboratories is expected to make a statement on its future in the town.

Fears have been growing recently about the future of the company, which employs 800 people in Co Mayo, about 600 of them in Castlebar. Management is to meet union representatives today to inform them of the position.

Yesterday, the company would not comment on its position, nor would the Industrial Development Authority, from which it has received about £4m. in grants.

Travenol, which manufactures health care products, is believed to have suffered heavy competition from Japanese competitors and from the effects of the recession.

Already, nearly 300 people have been made redundant since December, 1983. Yesterday, a well-placed local source said the Castlebar plant could lose “a substantial number of jobs.” The company’s Swinford plant, which employs about 200 people, does not appear to be at risk.

Should the Castlebar plant close, it would deprive the town of its biggest industrial employer. The next biggest industry there employs 120 people. The company is a subsidiary of Baxter Laboratories Inc. of Deerfield, Illinois in the United States.

Yesterday, the secretary of Castlebar Trades Council, Mr

# 5) Dynamic Assemblages

“The chairperson of the town council, president of the chamber of commerce and all that, they did the usual thing of asking for an IDA task force to be set up, and innocently I suggested, in my capacity at that stage as chairperson of this Community Development Association, that we should endeavour to ask or convince or persuade Travenol to stay. Of course I was laughed at. Not the local media, but the national media thought it was a great laugh...

One of the workers at Travenol came to me in a car park, he stopped me in a car park and said, ‘I’m so and so, I’ve read what you said, and whether you know what you’re talking about or not, there’s some sense in it’. He was the Financial Controller in Travenol....

The American management were gone and the man left to close the gates was a fella called [BC], he was the Assistant or Acting HR Manager... But [he] was a Cork man, he was a very outgoing fella, and they began to put a package together and they travelled to meetings within the Travenol empire.”

(Former Chair of Community Development Association)

# 5) Dynamic Assemblages

“The movement with the community was very very strong, the church became involved, the trade unions became involved, the politicians reluctantly became involved, you could see that the whole community was involved in this, it was a really strong movement, a genuine movement. And we had the management of Travenol, you know, feeding information to us, so we were well placed. The union leader was a man called [DM] and he was regarded as a red under the bed, but he bought into this thing and he convinced the workers to go with the package... But it was a complete united front. And bit by bit [the managers] convinced Travenol worldwide to stay in Castlebar.”

(Former Chair of Community Development Association)



# 5) Dynamic Assemblages

- Coalition assembled in response to closure announcement comprising local and national politicians, chamber of commerce, trades unions and local plant management
- Enrolment of plant management critical for providing access to internal corporate networks
- Alternative coding of the Castlebar plant and its future profitability
- Travel to US to meet Baxter-Travenol corporate executives
- Baxter-Travenol announced reversal of plans 1987
- 'Line of flight' that raises questions about agency within the corporate assemblage

## TD reports on US talks

ON RETURNING from the US yesterday, Mr Enda Kenny, TD, said the Baxter-Travenol company had reiterated its decision to phase out production at its Co Mayo plant over the next two years with a loss of 800 jobs.

Mr Kenny had a two-hour meeting last Friday in New York with Mr Gary Howard, vice-president of the Baxter-Travenol Corporation, and other senior officials. He said they rejected any question of an extension of the phasing-out period and denied industrial relations at the **Castlebar** plant had anything to do with the closure decision.

Mr Kenny said the IDA was giving **Castlebar** the "highest priority" for a replacement industry. Local interests have said that several thousand people in the **Castlebar** region in ancillary employment could lose their jobs as a result of the Travenol closure.

In a statement yesterday, Mr

## Castlebar Travenol plant to stay open

By Michael Finlan

TRAVENOL Laboratories in **Castlebar**, Co Mayo, under threat of closure for the past two years, is to remain in production, it was announced yesterday. The general manager at the plant, Mr Donal O'Dwyer, told *The Irish Times* that the original decision to close by the makers of best pen had been set aside by the parent company, Baxter-Travenol of Chicago.

"We are delighted," he said. "The main reason for changing the decision has been primarily the performance of the **Castlebar** plant and especially its staff, particularly over the past two years."

Mr O'Dwyer said that a consolidation of product lines, and the use of new technology, had enabled the plant to achieve a superb standard of excellence and to become very competitive.

The present staff of 130 will be kept on, since the closure plans were announced in January, 1985, about 400 other employees have been made redundant in **Castlebar**. In the company's other Mayo plant, at **Bunclod**, the workforce was

increased by 30 to 250 in the same period.

Travenol, which manufactures sterile solution products used in health care, first came to Mayo in 1972, and, with a third plant at **Bilimereet** which has since been closed, it had 1,500 people on its payroll making it the largest industrial employer in the west of Ireland. The Baxter-Travenol multi-national corporation employs 35,000 people and sells its products in more than 100 countries.

The Minister for the Environment, Mr Flynn yesterday said the decision was a vote of confidence in the local management and workforce of Travenol. "It is also a clear sign of recovery, another indication that the Government's economic policies are working," he said.

In a statement last night, the IDA welcomed Travenol's decision to remain open and its full production. They offered congratulations to the staff at Travenol "for their outstanding performance in improving efficiency and quality culminating in the company's decision to remain in full production."

# Conclusion

- Assemblage approach as a way of linking firm-focused and locality-focused perspectives on FDI
- Corporations as assemblages with material and expressive components, shifting territorialisation, internal coding and tendency to homogeneity
- Re-assemblage of localities to attract FDI and by FDI
- Emphasis on micro-politics and distributed agency
- FDI as a dynamic and ongoing process