Globalization and Political Change:
Comparing China and Mexico

Overview

The analysis of the impact of globalization on different regions of the world is one of the most exciting new trends in both Political Science and Political Economy. New research is bringing together economists and political scientists in a comparative study of institutions, government regulation, and macro-economic trends.

This course will take students to the heart of this emerging research, introduce them to the new literature, instruct them on research methodology, take them abroad for on-site work, bring them back to campus for an examination of the data they have discovered, and assist them in explicating their findings.

Specifically, the class will look at the consequences of economic globalization in two very different societies—China and Mexico. We will ask questions about the impact of economic change, the responses of local communities, the role of governments in regulating or moderating this change, and the importance of international institutions (e.g., NAFTA, WTO) in shaping local responses.

Structure

Our course will spread across two terms, punctuated by a twelve-day field trip.

Our first term (6 credits) will be devoted to mastery of the new literature in this field, examination of the methodologies used by different analysts, and group discussions about the research we will undertake.

On the field trip (3 credits), we will split the group into two sections—one working in Mexico under the direction of Al Montero, the other working in China with Roy Grow.

In our second term (3 credits) we will bring the two groups back together, share our results, write our reports, and make our formal presentations.

Class Format

In form, our course will be shaped by a "real-world problem." Students will learn to break the problem into manageable parts and figure out analytic techniques to solve each of the problems.

1. Teams. Our class will constitute itself as a "consulting team" and take on a real world corporate "customer." Our "customer" will pose a problem to the team and the student team will work at the company headquarters with the corporate customer, try to understand the customer's needs, hopes, constraints.

2. First term class work. During our first term, classes will focus on the following: (a) Breaking down customer's large problem into a series of understandable and measurable questions; (b) Examining/mastering academic literature on these questions; (c) Developing a research strategy for each question; (d) Agreeing on kinds of data/information that will lead to answers.

3. On site field work. Our class will split into two groups for a twelve-day period of on-site field work and data collection; (a) Mexico. One group will go to Mexico with Al Montero. This group will visit three areas: Mexico City, Guadalajara, and the Texas-Mexico border area; (b) China. The other group will go to China with Roy Grow. This group will visit three comparable sites: Beijing, Shanghai, and Guangdong/Hong Kong border area.

4. Second term work. The two groups will come back together, debate possibilities, search for answers. Specifically, the entire class will: (a) Compare data/information obtained in Mexico and China; (b) Debate
the meaning of their data/findings, and evaluate this data in context of research findings by scholars in this field; (c) Come to conclusion about which site is best for our "customer"; (d) Write an extended report; (e) Give formal presentation to company officers.

Requirements/Grading:

This will be a complex course to grade because the class work spreads over Fall and Winter Term and a December field trip. Although the three segments of the course are inseparable, each of the segments will, in fact, be graded separately and might appear separately on your transcript.

Overall, we give the following weight to each of these parts of the course:

<table>
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<tr>
<th>Requirement</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Daily Class Attendance/Participation</td>
<td>25%</td>
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<tr>
<td>Group Project Participation</td>
<td>25%</td>
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<tr>
<td>Final Paper</td>
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Because the structure of the course is so new to Carleton, the College has yet to give us a final decision on how we will grade and record these three different segments. No later than the 2nd week (we hope) we will distribute a written set of grading guideline.

Texts/Readings: Following texts are available in the bookstore:

- Gereffi, Gary and Miguel Korzeniewicz, *Commodity Chains and Global Capitalism* (Praegar)
- Friedman, Thomas, *The Lexus and the Olive Tree* (Bantam)
- Lindau, Juan, *Market Economics and Political Change* (Rowman)
- Rodrik, Dani, *The New Global Economy* (Johns Hopkins)
- Stallings, Barbara, *Global Change, Regional Response* (Cambridge)
- Womack, James, *The Machine That Changed the World* (Harper)

Additional articles will be distributed as handouts or will be available on reserve in the library.

Tues Sep 12 Introduction: Political Economy in 2000

In this session, the instructors will present an overview of the course and outline their different perspectives on political economy. During the first part of the Fall term, the class will investigate the increasingly rapid pace of change in three related areas: (1) Changes in both process and product technologies in world of production; (2) Changes in the "hard links" of production—the relationships between suppliers, assemblers, and marketers—that lead some analysts to speak of "globalized production"; (3) Changes in patterns of capital flow, and the impact of these changes on patterns of ownership, social equity, and sovereignty. In the second part of the term, the class will link these theoretical issues with the changing role of political and economic activity in China and Mexico. Underlying all of the class's investigation is a consideration of the questions asked in the 1960's by Charles Kindleberger ("Is the state just about through as an economic unit") and Ray Vernon ("Do changes in organization of corporations and their production technologies mean the end of national sovereignty?")

Part 1: Changing Trends in Production, Globalization and Finance

In Part 1, the class will focus on a series of problem areas that are at the core of the seminar project and then work its way through several case studies. In examining the problem-areas the class will focus on some of the most important dynamics that affect the pace of economic development and the direction of institutional
change. During these first weeks, class members will also focus on the relationship between the theoretical propositions we are examining and specific research strategies, asking questions such as "What does this mean?" and "How will I apply these ideas to the real-world situations in Mexico and China?" Underlying all of these inquiries is our most important question: What is the relationship between economic change and evolving political institutions?

Also during Part 1, the class will meet its "corporate client" and develop a sense how the client (and the client's problem) fits into this larger realm of academic inquiry.

Thur Sep 14 **Formulating the Questions: New Technologies, Products, and Governments**

Government institutions, corporate structure, and process technologies have changed dramatically in the past two decades. Newspaper writers talk in terms of "globalization", "virtual corporations", and "world financial crises." These same commentators talk about the increasing inability of national institutions to regulate or handle the changed demands generated by these new trends. In this introductory session, we will discuss some of the conventional wisdoms and platitudes surrounding these developments, try to see where we might separate fact from fiction, and lay out our course of investigation for the coming weeks. **Questions for this session:** What do we mean when we use terms such as "globalization" and "world trade"? What can we say about the relationship between changes in political institutions and new forms of economic activity over the past decades? What more do we want to know?

Texts:

Thomas Friedman, *The Lexus and the Olive Tree*, pp. x - 142

Tues Sep 19 **The Changing Face of Production (1): How the Auto Industry Changed**

Production has changed dramatically over the past century. Both product and process technologies have been reshaped at an increasingly rapid pace, to the point that in 2000 few workers and managers would recognize the work patterns and organizational strategies of 1900. In this session and the next, the class will look at these broad changes by focusing on the automobile industry, examining patterns of production, input/output relationships, and the flows of capital in this industry. **Questions for this session:** How do we understand the important relationships between changes in products and the processes used to manufacture these products? What important forces drove most of these changes? Can we pinpoint a geographic location at which most of these changes originated, the economic sectors which were most innovative? What factors were associated with the rapid pace of technological development in these regions? What is the relationship between the "political" and the "economic" in these changes in technology and corporate form?

Texts:

Womack, *The Machine That Changed the World*, pp. 11-137 (ch 1-5)

Thur Sep 21 **The Changing Face of Production (2): The Move to Global Manufacturing**

In recent decades, more and more of the most important changes in product and process technologies have come about outside the USA. In auto production, in particular, what used to be considered an "American industry" has become more worldwide in scope. **Questions for this session:** Why this change? What factors can we identify? What can we say about the next phase of innovation? If production strategies around the world are changing and becoming "standardized", what can we say about the role of "culture"?

Texts:
Tues Sep 26 The Critical Link in Global Economic Integration (1): Commodity Chains

As we saw in the previous two sessions, production involves a complex relationship between an "assembler" and a series of "suppliers." These "chains" of assemblers and suppliers-and the relationships between them-are one of the most significant pieces underlying the "globalization" of the production process. In this session and the next, the class will look at these chains and examine the ways they have increasingly extended themselves across the world economy. **Questions for this session:** How do these chains work? Who manages them? What factors are most important in their success? Do chains that stretch across the borders of a number of nation-states differ from those which are purely "domestic." Can you draw a distinction between "international trade" and "globalization" using the "commodity chain" concept?

**Texts:**

- Hopkins and Wallerstein, "Commodity Chains in the Capitalist World Economy Prior to 1800" in *Commodity Chains and Global Capitalism*, Ch. 2, pp. 17-50
- Suzanne Wilson, "Cocaine, Commodity Chains and Drug Politics: A Transnational Approach" in *Commodity Chains and Global Capitalism*, pp. 297-311

Thur Sep 28 The Critical Link in Global Economic Integration (2): The Nike Case

In this section, the class will focus on a case study---the Nike Corporation. The Nike case is important because the corporation was at the forefront of developing and managing a global consumer goods commodity chain. Because of the nature of Nike production (using a mature manufacturing technology in combination with global supply network and a state-of-the-art marketing strategy) the corporation provides an important case-study of the social consequences of global production and marketing. In this case, we will see all of the themes discussed by social commentators-rapidly changing social patterns, difficult working conditions, unpalatable child labor practices, and environmental degradation. **Questions for this session:** How does the Nike strategy work? What are the advantages and disadvantages of this strategy? How relevant is the Nike strategy for other kinds of production-say, the automobile or the computer?

**Texts:**

- Thomas Friedman, *The Lexus and the Olive Tree*, pp. 306-364
- Gereffi, "The Organization of Buyer-Driven Commodity Chains: How U.S. Retailers Shape Overseas Production Networks" in Gereffi and Korzeniewicz, *Commodity Chains and Global Capitalism*, Ch. 5, 95-117
- "Tensions between Trade and Domestic Social Arrangements" in *Has Globalization Gone Too Far?*, Ch. 3, (pp. 29-48)
Tues Oct 3 **Preparing for the Field Trip**

The class will use this section to prepare for our site visit. **Questions for this session:** What do we want to see? What questions should we ask? What is our role as "outside consultants"?

Thomas Friedman, *The Lexus and the Olive Tree*, pp. 212-247

Thur Oct 5 **Field Trip: Visiting a production site, hearing the problem**

The class will visit our client firm. We have a number of goals for this trip: (1) to walk through the production facility itself and examine the different product and process technologies; (2) talk to floor personnel and executives to get sense of the question they want us to investigate. **Questions for this session:** How do these product and process technologies fit into the categories we have discussed? What can we say about chains of suppliers, assemblers, marketers in this firm? Can we zero in more closely on the problems this firm might face in expanding further into non-American markets?


During the 1990's, more than at any time in recent history, new patterns of capital flow and foreign investment changed the face of production and the ways that commodity chains relate to one another. These new kinds of capital flow have had an especially important impact on cross-national patterns of investment, on the changing role of financial institutions, and on the ability of national governments to oversee certain kinds of economic activity. **Questions for this session:** What do you see as the most important changes in the flow of capital and in patterns of foreign investment during the 1990's? How important were government institutions in bringing about this change? In regulating it? Were there common threads in the great "financial crises" of the 1980's and 1990's?

**Texts:**


Thur Oct 12 **The Power of Global Flows of Capital (2): Two great crashes**

The class will examine two of the most important "dislocations" that resulted from these new flows of capital. The first is the great "Peso Crash" of 1993-94, the second is the "SE Asian Financial Crisis" of 1997-98. **Questions for this session:** How did changes in the flows of capital bring about these situations? What was the role of government institutions? Were there similarities in the two sets of events?

**Texts:**

Part 2: Comparing China and Mexico:

How Economic Development and Government Activity Are Related

In Part 2, the class will work even more closely with China and Mexico materials. In these sessions, we will develop our knowledge of the two polities and look at how the theoretical propositions and case studies we used in Part 1 apply to these real world situations.

In each session, we will ask two related questions. (1) How might the theoretical propositions we looked at in Part 1 of the course influence real-world and on-the-ground-activity in Mexico and China? (2) When our teams are on site in China and Mexico, what kinds of things do we want to see, what sorts of data do we need to collect?

Tues Oct 17 China Overview: Six questions to investigate

No part of the world has changed as rapidly as China since the Reform Movement began in 1978. In this session, the class will look at the broad sweep of Chinese economic development during the past two decades, note the major changes in government institutions that have accompanied these changes, and look at some of the most dynamic trends in business activity. Questions for this session: What are the major characteristics of this rapid process of change? How important is the role of government institutions to economic activity? What are the 5 or 6 most important questions about Chinese economic and political development?

Texts:


Economist, "Now Comes the Hard Part", (April 8, 2000) (handout)


Thur Oct 19 Overview Mexico: Six questions to investigate

Mexico is one of the most fascinating case studies of the relationship between economic and social change. In this session, the class will examine the most important themes in Mexican economic and political development during the past two decades, and look at the ways that the new global economy is reshaping domestic institutions and changing the demands made by important interest groups. Questions for this session: What are the major landmarks in this period of change? How important are government institutions to changes in the economic sector? What are the 5-6 most important questions we ought ask of Mexican development during the past two decades?

Texts:

Merilee S. Grindle, "Mexico", pp. 379-424 (handout)

John Tuman, "The Political Economy of Restructuring in Mexico's 'Brownfield' Plants: A Comparative Analysis" in Tuman and Morris, Transforming the Latin American Automobile Industry, Ch. 6, pp. 148-172 (handout)

Tues Oct 24 Comparing China and Mexico (1):
Is There A Relationship Between Market Reform and Political Development? Comparing Changes Over 20 Years

One of the most difficult questions we face in our analysis has to do with the relationship between market reform and political change. We will begin to examine this relationship in this session and try to outline some of our initial insights. **Questions for this session:** What can we say about market reform in each polity? How were the reforms similar and different? Are there parallels we can see between market reform and political activity in these two societies? What kinds of questions would we ask about this relationship when we are on site in China and Mexico?

**Texts:**

- Susan Shirk, "Internationalization and China's Economic Reforms" pp. 186-206 (handout)
- John T. Morris, "Economic Integration and the Transformation of Labor Relations in the Mexican Automotive Industry" in Tuman and Morris, *Transforming the Latin American Automobile Industry*, Ch. 5, pp. 113-146 (reserve)

**Additional:**

- Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*, Ch 1 ("Introduction")
- Thomas Biersteker, "The Triumph of Liberal Economic Ideas in the Developing World," in Barbara Stallings, *Global Change, Regional Response*, Ch. 6

**Thur Oct 26 Comparing China and Mexico (2):**

**Who Makes Economic Decisions?**

In classic "authoritarian" systems, decisions about production technologies, resource allocation, and pricing are made by state institutions. In this session, we will look at specific kinds of economic decisions, such as how a firm decides to change process technologies, develop a new product, install pollution-reduction equipment, or employ child labor. Then we will try to see if we can understand the role of state institutions in these kinds of decision. **Questions for this session:** Where are such decisions made? How autonomous from state institutions are firms in each system? What, exactly, is the role of the state in the activities of the firm? What do the answers to these questions tell us about the problem our corporate client wants us to investigate? What kinds of questions will we ask about this phenomenon during our on-site visit?

**Texts:**


Susan Shirk, "Who is Enfranchised in the Political Process" in Susan Shirk, *The Political Logic of Economic Reform*, Ch. 6 (handout)

Augusto Varas, "Latin America: toward a new reliance on the market" in Barbara Stallings, *Global Change, Regional Response*, Ch. 9

Additional:

Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*, Ch 2 ("Openness in Perspective")

Yun-Han Chu, "The East Asian NIC's: a state-led path to the developed world" in Barbara Stallings, *Global Change, Regional Response*, Ch. 7

Tues Oct 31 **Comparing China and Mexico (3):**

**What is the Role of Interest Groups and Social Protest**

As China and Mexico become more "open", the role of citizens, interest groups, and formal (but non-state) organizations begins to change, altering even more the role of the state in economic activity. In this session, we will look at the new demands on firms and enterprises made by the development of "civil society" in each polity. **Questions for this session:** How do changing demands by citizen and interest groups influence the actions of firms in China and Mexico? Which becomes more important in the ways a firm makes decisions---the actions of formal state organizations or the demands coming from citizens and informal interest groups? How are these potentially competing demands resolved by the firm? What do the answers to these questions tell us about our corporate client's problems in each of these polities? What more do we want to see when we make out on-site trip?

Texts:


Martin King Whyte, "The Changing Role of Workers in China" Ch. 8, pp. 173-196 (handout)

"Labor Politics and Regime Change in Mexico" in Kevin Middlebrook, *The Paradox of Revolution: Labor, the State, and Authoritarianism in Mexico*, Ch. 8, pp. 288-328 (reserve)

Thomas Bernstien, "Farmer Discontent and Regime Response" Ch. 9, pp. 197-219 (handout)

Additional:

Lianjiang Li and Kevin O'Brien, "The Struggle Over Village Elections", Ch. 6, pp. 129-144 (handout)
Thur Nov 2 **Comparing China and Mexico (4):**

**How is Production Organized: Global, Regional or National Market?**

One of the hallmarks of modern systems of production, we have seen, is the relatively open flow of goods and service----both across domestic provincial borders and across international boundaries. In this section, we will look at some of these potential "barriers" to production and marketing, and determine the scope of industrial production in China and Mexico. **Questions for this session.** How important are international borders in directing the flows of production, trade? How important are internal (provincial) borders? How integrated into world trade are China and Mexico? Can we speak of either polity as being part of the process some analysts have termed "globalization"? What do our answers to these questions tell us about our corporate client's problem? What more do we want to see when we are on-site in China and Mexico?

Text:

Robert Wade, "Globalization and its Limits" in National Diversity and Global Capitalism, pp. 60-88 (reserve)

Gary Gereffi, "Global production systems and third world development" in Barbara Stallings, *Global Change, Regional Response*, Ch. 4

Richard Stubbs, "Asia Pacific regionalism versus globalization" in *Regionalism and Global Economic Integration*, pp. 68-78 (reserve)

Diana Tussie, "In the whirlwind of globalization and multilateralism: The case of emerging regionalism in Latin America" in *Regionalism and Global Economic Integration*, pp. 81- 95 (reserve)

Additional:

Paul Schroeder, "Territorial Actors as Competitors for Power: The Case of Hubei and Wuhan", Ch. 10, pp. 281-307 (handout)


Tues Nov 7 **Comparing China and Mexico (5):**

**Can We Locate the Commodity Chains?**

Commodity chains, as we have seen, are one of the most important indicator's of the nature and scope of production activity in a national economy. **Questions for this session:*** What can we say about commodity chains in China and Mexico? In the auto industry, in particular, what kinds of evidence would we look for, what questions would we ask? What do the answers to these questions about commodity chains tell us about our corporate client's problem? What should we look for during our on-site visit?

Texts:

Barbara Stallings, "The new international Context of development" in Barbara Stallings, *Global Change, Regional Response*, Ch. 11
Thur Nov 9 **Comparing China and Mexico (6):**

**What is the Impact of the New Capital Flows**

Changes in the flows of capital are important to developments in production and changes in market activity. As we have seen, such changes influence the ways that investment and new technologies move through a national economy, and the ways that both economic sectors and geographic regions change. **Questions for this session:** What can we say about the flow of capital in China and Mexico? How is new investment regulated? What state agencies have the greatest influence? How effective is this regulation? What do these insights tell us about our corporate client's questions? What more do we want to see when we are on site?

**Texts:**

- Yong Wong, "Why China Went For WTO" in *China Business Review*, July-August, 1999 (handout)

**Additional:**

- Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*, Ch 3 ("Investment Strategies")

Tues Nov 14 **Summarizing our research agenda**

This is our final session before we begin our research trip. We will summarize our work to this point, re-examine our decisions about the kinds of data we need to collect, compare our research agendas, and wish each other "good luck!"
Texts:

Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*, Ch 6 ("Summary and Implications")

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**Part 3: Comparing China and Mexico:**

**On-Site Investigation and Research (December)**

In Part 3, the two class teams will travel to China and Mexico. On site, the teams will look more closely at the questions they formulated in Part 1 and Part 2, visit a series of different (and comparable) locations, and collect data.

**Mexico Schedule:**

- Dec. 3 (Sun) El Paso: Group meets
- Dec. 4 (Mon) Border area:
- Dec. 5 (Tue) Fly to Monterrey
- Dec. 6 (Wed) Monterrey
- Dec. 7 (Thu) Fly to Mexico City
- Dec. 8 (Fri) Mexico City
- Dec. 9 (Sat) Mexico City
- Dec. 10 (Sun) Fly to Villahermosa, Tabasco
- Dec. 11 (Mon) Villahermosa area
- Dec. 12 (Tue) Villahermosa/Chiapas
- Dec. 13 (Wed) Final assessment, fly out --- home, vacation, further adventure

**China Schedule:**

- Dec. 2 (Sat) Depart USA (probably early a.m.)
- Dec. 3 (Sun) Arrive Shanghai (late p.m.)
- Dec. 4 (Mon) Shanghai
- Dec. 5 (Tue) Shanghai
- Dec. 6 (Wed) Shanghai
- Dec. 7 (Thu) Suzhou
- Dec. 8 (Fri) Suzhou
- Dec. 9 (Sat) Fly to Beijing
- Dec. 10 (Sun) Beijing
Dec. 11 (Mon) Beijing
Dec. 12 (Tue) Beijing
Dec. 13 (Wed) Fly to Hong Kong
Dec. 14 (Thu) Hong Kong/ Shenzhen
Dec. 15 (Fri) Hong Kong/ Shenzhen (seminar adjourns, p.m.)
Dec. 16 (Sat) Depart for home, vacation in sun, further adventure in Asia

Part 4: Comparing China and Mexico:

Writing the Final Reports/ Final Papers

(Winter Term)

In Part 4, the two class teams will come together, compare notes, and wrestle with their final analysis. The combined team will prepare a report for our corporate client, work on a formal presentation (and the supporting materials that will accompany this report) and meet with corporate executives to deliver their recommendations and answer questions. As well, students will complete their final paper for the course.

By and large, the class will meet once a week during the Winter Term, and work independently and in small groups to complete the class reports.