

**GGR326H1F: Remaking the Global Economy  
Fall 2019**

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### **Aims & Objectives**

This course examines the interrelationships between global economic integration, especially the expansion of transnational corporations (TNCs), and geographically uneven economic development in an era of global economic restructuring. The course seeks to achieve a mixed blend of theory and practice of business firms and regional development, while also responding to the recent global economic crisis and economic downturn. It provides students with not only explanations of the general role of firms, states and markets in economic development, but also practical knowledge in analyzing the mechanism of regional development, especially in the context of East Asia with the impact of TNCs.

#### **AIMS**

1. To develop an in-depth understanding of the key actors driving contemporary global economic change – transnational corporations and nation-states.
2. To provide an advance foundation for students planning to take up careers or postgraduate courses in international business, regional and global studies and economic geography.

#### **OBJECTIVES**

By the end of the course, students should have a sound understanding of:

1. The basic function of, and interaction between, firms, states, and markets in the process of economic development and global integration;
2. The complex relationships that exist between transnational corporations on the one hand and other institutions (e.g. nation states and national firms) on the other as both seek to enhance their positions in a highly competitive and volatile global economy;
3. The ways through which transnational corporations respond to pressures of global economic restructuring;
4. The economic, social and political implications of transnational corporation activities (and transnational production chains) in specific national, regional and local contexts, and
5. The core debates regarding the causes and consequences of the neoliberal globalization, financialization and crises.

## Schedule

Week (date)	Theme	Readings
Week 01: Sept 11	Introduction: the globalizing economy	Dicken cha 1-3
Week 02: Sept 18	Firms and technologies in the globalizing economy	Dicken cha 4&5, Economist 2012
Week 03: Sept 25	Markets and states in the globalizing economy	Dicken cha 6&7, Smith 2015
Week 04: Oct 02	Global Value Chains and Global Production Networks	Coe et al. 2004; Gereffi et al. 2005; Bair 2005
Week 05: Oct 09	The New Digital Economy and Uneven Global Development	Brun et al. 2019; Wu & Gereffi 2019
Week 06: Oct 16	Global Production Networks and the Clothing Industries	Dicken cha 14; Tokatli 2008
Week 07: Oct 23	Outsourcing and Offshoring: Apple and Foxconn	Mudambi 2008; Dedrick et al 2010; Chan et al 2013
Week 08: Oct 30	The Developmental State and the East Asian Miracle	Haggard 2015; Hamilton & Biggart 1988
Reading Week		
Week 09: Nov 13	Global Production Networks and the East Asian Miracle	Yeung 2009; Wang 2007
Week 10: Nov 20	Globalizing Finance and Financialization	Bryan et al 2017; Lai & Daniels 2017
Week 11: Nov 27	Winning and Losing in the Global Economy	Dicken cha 8-10
Week 12: Dec 04	Summary and Conclusion	Dicken cha 11

### Course Evaluation:

TNC project topic choice (due <b>Oct. 9</b> , 6pm):.....	05 %
Reaction paper (due <b>Oct. 23</b> , 6pm):.....	10 %
TNC project thesis & annotated bibliography (due <b>Oct. 30</b> , 6pm):.....	15 %
TNC project full paper (due <b>Nov. 27</b> , 6pm):.....	30 %
Final Exam:.....	40 %

**Reaction Paper (10%)** Choose one research article from the list and write a reaction paper of **800-1000** words. The list of articles and detailed guidelines for the reaction paper will be posted separately.

### The TNC Project ---- The Encountering of Local and Global: Assessing the Impact of TNCs on Their Host Economies in the Global Periphery

The rise and spread of transnational corporations or TNCs is a defining feature of contemporary globalization. The central argument of Peter Dicken's (2015) *Global Shift* is that the remaking of the global economy has been driven increasingly by the emergence of global production networks (GPNs), i.e., complex organizational and geographical networks

of production, distribution and consumption, led by TNCs. The emergence of GPNs in the last few decades takes place within a wider free-market regime in which tariffs and non-tariff barriers to trade are now generally much lower than in the mid-twentieth century. The added advantages of cheap transportation and fast electronic communication have made it much easier to integrate production and sales on a global cost efficiency basis.

Although theoretically, TNCs can inject capital into the host economy, stimulate the learning and upgrading of local firms, and create 'good jobs', none of these can be taken for granted. In reality, it all depends. Exploiting local labor, depleting local resources, forcing local firms to be stuck in low value-added activities, and degrading the local environment by the TNCs, especially in the global periphery, are equally possible if not more commonly found. Therefore, economic upgrading of the local economy through embracing TNCs cannot be taken for granted, and even if economic upgrading is achieved/achievable, it still may not imply a social upgrading.

In this assignment, you are expected to study one chosen TNC, with a focus on the TNC's interaction with, and impact on, at least one of its host economies in the global periphery, i.e., localities outside of North America and Western Europe (Japan is excluded as well). This research project consists of three stages: 1) a topic choice; 2) thesis and annotated bibliography, and 3) a full paper.

More than anything else it is vital that you pick a corporation that interests you. Then, in addition, it is also important to pick a TNC about which you can easily find data.

A TNC's transnationalization may be for the purpose of seeking market access, sourcing efficiency, or other reasons. Relatedly, a TNC and its host economy can be engaged in several different ways, through direct investment, merger, acquisition, and outsourcing/subcontracting, etc.

It is also important to identify the key actors: the lead firm (TNC), local firms, local state(s), local workers and their organizations, the local community, NGOs, and so on. For each actor, it is necessary to know its relative bargaining power and the particular geo-historical context of bargaining. The local income level, labor condition, resource endowment, and state policy can all be important here. For example, other than the common factor of cheap labor, local state subsidies and tax breaks can be an important reason for the attraction of a TNC. As workers rights groups, environmentalists and ethical sourcing projects have begun to monitor TNC commodity chains and production networks more closely, the relationship between TNCs and their host economies has been changing accordingly.

**TNC Topic Choice (5%)** Submit an outline including your chosen TNC, host economy, at least two academic sources, and a statement of your tentative argument/focus that can be developed into your thesis subsequently. This statement is only tentative and can be speculative, because you are not expected to have done much detailed research about it at this stage. Your ideas may change later based on our feedback, along with more exposure to pertinent materials and having additional time to think through your ideas. But choosing a topic is one of the most important parts of the research process. The right topic can inspire both curiosity and enthusiasm which will lead you to write a well-written, intelligent and interesting research paper. So please do your homework ASAP by exploring pertinent data sources (will be provided separately soon) through the library and Internet, as well as by discussing it with your peers, TA and instructor.

**Thesis & Annotated Bibliography (15%)** Based on your topic choice, you are expected to submit a revised and clearly articulated thesis for your paper, plus an annotated bibliography of **FIVE** scholarly sources (scholarly journal articles and/or books/book chapters). Your thesis should be directly related to the impact of TNCs on their host

economies in the global periphery. It should be clearly for, against or modifying an existing pertinent argument that you can identify from the literature; thus it is about some general theoretical concern, not your case study *per se*. It should be 1-2 well-articulated sentences. Your annotated bibliography is an alphabetical list of five research sources, 150-200 words on each item. Other than a (very) concise summary, the description should focus on why this source is relevant to your research project and how do you plan to use it in the final paper. The source is expected to be scholarly, i.e., not from a newspaper or informal online source. On how to write a good annotated bibliography, see:

<http://www.writing.utoronto.ca/advice/specific-types-of-writing/annotated-bibliography>

**Full Paper (30%)** Your full paper should be **2000-2200** words (except references and figures). It should include a short introduction of your chosen TNC, and a brief answer to four questions: when, where, why and how has the TNC gone global. The main body of your essay is to describe and critically assess the impact of the particular TNC on one of its host economies in the global periphery. It is important to get your answers to the aforementioned why and how questions right in order to be able to carry out your critical assessment. The interaction between the TNC and its host economy should be during the last four decades or a particular period of it.

Your paper should be centered on a thesis developed on the basis of your tentative argument/focus stated in the first submission. Though it is OK if you believe it is necessary to change your mind after further studies. Developing a strong thesis is crucial for the success of your essay. Your thesis should be centered on a critical assessment of the general impact of the TNC on its host economy: positive, negative, or some kind of mix of both. You should be arguing something more interesting and specific than "Corporation X is good/bad for Y's economy". You will receive assistance from the instructor and TA on this along the way. For some tips on developing a strong thesis, please visit the following site:

<http://www.writing.utoronto.ca/advice/planning-and-organizing/thesis-statements> For more information on U of T writing resources and support, see [www.writing.utoronto.ca](http://www.writing.utoronto.ca) and <http://geography.utoronto.ca/departement/resources-for-dept/wit-program/>

In the main section of your paper, with a focus on your thesis, you are expected to describe the nature and mechanism of the interaction between the TNC and the host economy and the key actors involved in the process based on your research. Then you should explain why this has been the case, and discuss what could be done to make the situation better, if possible. In your conclusion, you should briefly summarize the key findings of your research project. More detailed guidelines regarding your TNC essay will be provided later.

### **Assignment Submission and Late Penalty**

You are expected to submit all your assignments through Quercus before the due date. A 5% will be deducted for each day that an assignment is late (unless granted an extension – see below). For the reaction paper and TNC assignments, nothing will be accepted one week after the deadline unless you have made previous arrangements with the instructor (e.g., due to illness). Be sure to keep electronic copies of your assignments.

Extensions will be granted sparingly in the case of illness, and you must present me with a completed U of T medical certificate (<http://www.illnessverification.utoronto.ca/>). Please consult your college registrar should you be having difficulties during term that prevent you from completing your course work due to extenuating circumstances. Further information on this can be found at the following link:

<http://www.artsandscience.utoronto.ca/ofr/calendar/rules.htm#term>

**Contacting me:** I expect students to take advantage of my office hours to discuss the course. Please come to office hours or make an appointment if you wish to discuss matters related to the class. Try not to ask questions by email that is difficult to respond briefly. I will try to get back to you within 48 hours. Students should use their UofT email account in all course correspondence, and emails should include GGR326 in the subject line.

**Use of electronic devices:** I expect cell phones and other communications devices to be either turned off or in silent mode. Do not answer your phone or text message during class. Although you may want to use your electronic devices to read papers, take notes and so on, I would strongly recommend you to stay away from them as much as possible. It is better that you can keep yourself and your classmates away from unnecessary distractions.

**Plagiarism:** All cases of suspected plagiarism are taken very seriously. It is your responsibility to know and follow University rules and regulations including those that cover plagiarism, missed exams, etc. Plagiarism is quoting (or paraphrasing!) the work of an author (including the work of a fellow student) without a proper citation. If you use word-for-word copy of text from source, you must use quotations marks along with citation. Students should not submit any academic work for which credit has previously been obtained or is being sought. Please consult the “Rules and Regulations” section of the Arts and Science Calendar ([www.artsandscience.utoronto.ca/ofr/calendar/rules.htm](http://www.artsandscience.utoronto.ca/ofr/calendar/rules.htm)) for further information and check the ‘How not-to plagiarize’ website at <http://www.writing.utoronto.ca/advice/using-sources/how-notto-plagiarize>

**Accessibility:** If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: [disability.services@utoronto.ca](mailto:disability.services@utoronto.ca) or visit <http://studentlife.utoronto.ca/accessibility>

## Lecture Outline and Required Readings

The readings for this course consist of two components:

- (a) Dicken, Peter 2015. *Global Shift: Mapping the Changing Contours of the World Economy*. 7th Edition. London: Sage. This book is available as paperback at the UofT Bookstore.
- (b) Other reading materials, which will be provided in digital form through the Quercus.

### Week 1. Introduction: the Globalizing Economy

Dicken, P. 2015. *Global Shift*. Cha 1-3.

### Week 2: Firms and Technologies in the Globalizing Economy

Dicken, P. 2015. *Global Shift*. Cha 4-5.

Economist, 2012. Special Report: Technology and Geography. October 27.

### Week 3: Markets and States in the Globalizing Economy

Dicken, P. 2015. *Global Shift*. Cha 6-7.

Smith, A. 2015. The state, institutional frameworks and the dynamics of capital in global production networks, *Progress in Human Geography* 39: 290-315.

### Week 4. Global Value Chains and Global Production Networks

Yeung, H. W.-c. 2018. "The Logic of Production Networks," in *The New Oxford Handbook of Economic Geography*, edited by G. L. Clark, M. P. Feldman, M. S. Gertler, and D. Wójcik, Oxford: Oxford University Press.

Gereffi, G., Humphrey, J. and Sturgeon, T. 2005. The governance of global value chains, *Review of International Political Economy* 12,1: 78-104.

Bair, J. 2005. Global capitalism and commodity chains: looking back, going forward, *Competition and Change* 9: 153-180.

### Week 5. The New Digital Economy and Uneven Development

Brun, L., G. Gereffi and J. Zhan 2019. The "lightness" of Industry 4.0 lead firms: implications for global value chains, pp. 37-67, in *Transforming Industrial Policy for the Digital Age: Production, Territories and Structural Change*, edited by P. Bianchi, C. R. Durán, and S. Labory, Cheltenham: Edward Elgar.

Wu, X. and G. Gereffi 2019. Amazon and Alibaba: Internet governance, business models, and internationalization strategies, *International Business in the Information and Digital Age*,

Progress in International Business Research, Volume 13, pp. 327–356.

### **Week 6. Global Production Networks and the Clothing Industries**

Dicken, P. 2015. *Global Shift*. Chapter 14.

Tokatli, N. 2008. Global sourcing: insights from the global clothing industry--the case of Zara, a fast fashion retailer, *Journal of Economic Geography* 8: 21-38.

### **Week 7. Outsourcing and Offshoring: Apple and Foxconn**

Mudambi, R. 2008. Location, control and innovation in knowledge-intensive industries, *Journal of Economic Geography* 8: 699–725.

Dedrick, J. K. L. Kraemer and G. Linden 2010. Who Profits from innovation in global value chains?: A study of the iPod and notebook PCs, *Industrial and Corporate Change* 19, 1: 81–116.

Chan, J., Pun, N. and Selden, M. 2013. The politics of global production: Apple, Foxconn and China's new working class, *New Technology, Work and Employment* 28, 2: 100-115.

### **Week 8. The Developmental State and the 'East Asian Miracle'**

Haggard, S. 2015. "The developmental state is dead: long live the developmental state!," pp. 39-66 in J. Mahoney and K. Thelen (eds) *Advances in Comparative-Historical Analysis*. Cambridge: Cambridge University Press.

Hamilton, G. G. and N. W. Biggart 1988. Market, culture, and authority: a comparative analysis of management and organization in the Far East, *American Journal of Sociology*, 94, Supplement: S52-S94.

### **Week 9. Global Production Networks and the 'East Asian Miracle'**

Yeung, H.W.-c. 2009. Regional development and the competitive dynamics of global production networks: an East Asian perspective, *Regional Studies* 43: 325-351.

Wang, J.-H. 2007. From technological catch-up to innovation-based economic growth: South Korea and Taiwan compared, *Journal of Development Studies* 43,6: 1084-1104.

### **Week 10. Globalizing Finance and Financialization**

Bryan, D., M. Rafferty and D. Wigan 2017. "From Time–Space Compression to Spatial Spreads: Situating Nationality in Global Financial Liquidity", pp. 43-67, in *Money and Finance After the Crisis: Critical Thinking for Uncertain Times*, edited by B. Christophers, A. Leyshon and G. Mann, Wiley Blackwell: Hoboken, NJ.

Lai, K. P.Y. and J. A. Daniels 2017. "Financialization of Singaporean Banks and the Production of Variegated Financial Capitalism", pp. 217-244, in *Money and Finance After the Crisis: Critical Thinking for Uncertain Times*, edited by B. Christophers, A. Leyshon and G. Mann, Wiley Blackwell: Hoboken, NJ.

**Week 11. Winning and Losing in the Global Economy**

Dicken, P. 2015. *Global Shift*. Cha 8-10.

**Week 12. Summary and Conclusion**

Dicken, P. 2015. *Global Shift*. Cha 11.