

GGR326H1F: Remaking the Global Economy
Fall 2020
Department of Geography & Planning
University of Toronto

(Revised on Sept. 24)

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Course Introduction

Since the late 1970s, global economic integration has accelerated considerably. We have witnessed massive extension and expansion of global value chains and global production networks, and relocation of production to low cost locations in the global periphery through outsourcing and offshoring.

While contributing to remarkable productivity gains, globalization as such has led to enormous income inequalities, territorial disparities and trade imbalances. Due to failures of compensation and representation, a populist backlash against globalization – “the revenge of the places that don’t matter” (Rodríguez-Pose 2018) – has ushered in nationalist governments in the Global North and challenged core features of the liberal international order.

The Global Financial Crisis of 2007–2008 triggered the deepest recession since the Great Depression of 1929–1932. Worse still, in 2020 we have been experiencing a worldwide pandemic–COVID-19, which has caused a near total shutdown of social and economic activities around the world, another deep global economic recession, and widespread breakdowns of global supply chains. Furthermore, the outbreak of the China–U.S. trade war and the rapidly deteriorating bilateral relationship between the world’s two largest economies runs the risk of making the world economy divided into two polarized blocs that centered on them, if not a threat to global peace.

Globalization has always had its protagonists and antagonists. But the recent decade has been one of tremendous upheaval and instability throughout much of the global economy, and we are standing at an unprecedented critical historical juncture with globalization being put on trial.

This course seeks to selectively capture the core features of the recent multifaceted global economic transformations. We examine the interrelationships between global economic integration, especially the expansion of transnational corporations (TNCs), and geographically uneven economic development in an era of volatile global

economic restructuring. We will also deliberate the recent anti-globalization movements, the U.S.-China decoupling, and the global economic impact of the disastrous COVID-19 pandemic.

The course seeks to achieve a mixed blend of theory and practice of dynamic global uneven development driven by the interplay of firms, markets and states. It provides students with an in-depth understanding of the key actors driving contemporary global economic change – transnational corporations and nation-states. It also prepares students with a foundation for future careers or postgraduate courses in international business, political economy, regional and global studies, and economic geography.

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 and other organizations (e.g. nation states and domestic firms) as both seek to enhance their positions in a highly competitive and volatile global economy,
3. The ways through which transnational corporations and nation-states respond to pressures of global economic restructuring and political contests;
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 political economy of globalization and deglobalization, and socio-economic upgrading and downgrading.

Course Delivery

Due to the circumstances imposed by the pandemic, this course will be delivered online only. Instead of using BB Collaborate, we have decided to use Zoom Meetings every Wednesday 4:00-6:00 PM. Similarly, I will be holding online office hours through Zoom. Links and registration information has been made available through Announcements on Quercus. The lecture will be recorded and made available for viewing online for up to one week. So, try to watch it in a timely manner if you would have to miss the class. This is still experimental, so we might make necessary modifications and adjustments along the way.

Course Evaluation:

TNC Project I: topic choice (due Oct. 14 , 6pm):.....	10%
Reaction paper (due Oct. 28 , 6pm):.....	15%
TNC project II: thesis, contextualization & annotated bibliography (due Nov. 4 , 6pm):.....	15%
TNC project III: full report (due Dec. 2 , 6pm):.....	40%
Final essay (due Dec. 15 , 6pm):.....	20%

Schedule, Themes and Readings

Week (date)	Theme	Readings
Week 01: Sept 16	Introduction: Globalization, in Crisis	Dicken cha 2; Martin et al. 2018
Week 02: Sept 23	The Global Division of Labor: Firms, Markets, and States	Dicken cha 6&7, Pitelis&Teece 2019
Week 03: Sept 30	Global Value Chains and Global Production Networks	Fernandez-Stark & Gereffi 2019; Yeung 2018; Li et al. 2019
Week 04: Oct 07	Globalized Clothing Industries and Sweatshops	Anner 2020; Dicken cha 14; Bair et al. 2017
Week 05: Oct 14	Global Integration and the South Korea Miracle	Haggard 2015; Yeung 2009; Hwang & Choung 2014
Week 06: Oct 21	Global Integration and the Taiwan Miracle	Wang 2007; Lee et al. 2010; Chu 2019
Week 07: Oct 28	Global Outsourcing and Offshoring: Apple and Foxconn	Grimes&Sun 2016; Mudambi 2008; Clarke&Boersma 2019
Week 08: Nov 4	Global Disintegration and the Case of Huawei	Oxford Economics 2020; Thun&Sturgeon 2017; Kwan 2020
Reading Week		
Week 09: Nov 18	Global Disintegration and Brexit	Rodríguez-Pose 2018; Dicken cha 10; Broz et al. 2019
Week 10: Nov 25	Global Restructuring and Covid-19	Baldwin&Evenett 2020; Gereffi 2020; Javorcik 2020
Week 11: Dec 2	Globalizing Finance and Financialization	Cioffi 2019; Dymski 2018; Lazonick&Shin 2020
Week 12: Dec 9	Summary and Conclusion	Dicken cha 11; Rodrik & Sabel 2019

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.

Through 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 report.

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. Your chosen TNC should have a direct operation in your chosen host economy, not thorough outsourcing, e.g., Foxconn is the manufacturing outsourcing service provider of Apple, which has no direct operation of manufacturing in China.

It is also important to identify the key actors: the lead firm (TNC), local firms partnering with the TNC, 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 (10%)

Submit an outline including your chosen TNC, host economy, at least two academic sources (relevant to your subject, but may not be directly about your TNC), 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) through the library and Internet, as well as by discussing it with your peers, TA and instructor.

Thesis, Contextualization & Annotated Bibliography (15%)

Based on your topic choice, you are expected to submit a revised and clearly articulated thesis and introductive contextualization for your project, plus an annotated bibliography of **FIVE** scholarly sources (scholarly journal articles and/or books/book chapters). Your thesis and contextualization should be concise and no more than one page single space (500 words). 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 or TNC *per se*. Your thesis should be centered on a critical assessment of the general (or a particular aspect of the) 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". The thesis statement 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 TNC Report (40%)

Your full paper should be **2000-2500** words (excluding references and illustrations). 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, as aforementioned. 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 and <http://geography.utoronto.ca/departments/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 report will be provided later.

Reaction Paper (15%)

To choose one research article from the designated 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.

Final essay (20%): Globalization at the Crossroads.

This is a substitution of the final exam during the normal time. Detailed guidelines for the essay will be posted separately.

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). Submission will NOT 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 if legitimate evidence is provided. Under the current situation, students who are ill are not required to obtain a Verification of Illness form. Instead, you can use the self-declaration of illness tool in ACORN: [Absence Declaration tool on ACORN](#), to declare an absence if you require consideration for missed academic work. It is always helpful if you can communicate with the instructor before the due date, if you anticipate that your submission would have to be delayed.

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 the Instructor

Due to the enduring impact of the pandemic, I would not be holding normal office hours in person. Instead, contacts and interactions will be through online channels. But when necessary, in-person meetings may be arranged based on special requests. Nevertheless, I do encourage students to take every opportunity to interact with me and the TA, and we will do all best to assist you. For your emails, we can promise at least to give you a first response within 48 hours. You should use your UofT email

account or via Quercus in all course correspondence, and emails should include GGR326 in the subject line.

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 (<https://fas.calendar.utoronto.ca/>) 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: disability.services@utoronto.ca or visit <http://studentlife.utoronto.ca/accessibility>

Lecture Outline and Required Readings

Readings: We will read a good number of chapters from Dicken, Peter 2015. *Global Shift: Mapping the Changing Contours of the World Economy*. 7th Edition. London: Sage. The required chapters and other required reading materials will all be provided in digital form through Quercus.

Week 1. Introduction: Globalization, in Crisis

- Dicken, Peter 2015. *Global Shift*, Cha 2: “The center of gravity shifts: transforming the geographies of the global economy,” pp. 13-46.
- Martin, Ron, Peter Tyler, Michael Storper, Emil Evenhuis and Amy Glasmeier 2018. Globalization at a critical juncture? *Cambridge Journal of Regions, Economy and Society* 11, pp. 3-16.

Week 2. The Global Division of Labor: Firms, Markets, and States

- Pitelis, Christos N. and David J. Teece 2019. “Dynamic Capabilities, the Multinational Corporation, and Capture of Co-created Value from Innovation”, pp. 457-488, in *The Oxford Handbook of the Corporation*, edited by Thomas Clarke, Justin O’Brien, and Charles R. T. O’Kelley, Oxford: Oxford University Press.
- Dicken, Peter 2015. *Global Shift*, Cha 6: “The state really does matter,” pp. 173-225; Cha 7: “The uneasy relationship between transnational corporations and states: dynamics of conflict and collaboration,” pp. 229-250.

Week 3. Global Value Chains and Global Production Networks

- Fernandez-Stark, Karina and Gary Gereffi 2019. Global value chain analysis: a primer (second edition) pp. 54-76, in *The Handbook on Global Value Chains*, edited by Stefano Ponte, Gary Gereffi, and Gale Raj-Reichert, Cheltenham: Edward Elgar.
- Li, Xin, Bo Meng, and Zhi Wang 2019. “Recent patterns of global production and GVC participation”, pp. 9-43, in *Global Value Chain Development Report*. World Trade Organization: Geneva, Switzerland.
- Yeung, H. W.-c. 2018. “The Logic of Production Networks,” pp. 382-406, 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.

Week 4. Globalized Clothing Industries and Sweatshops

- Dicken, Peter 2015. *Global Shift*, Cha 14: ‘Fabric-ating Fashion’: The Clothing Industries, pp. 451-476.

- Anner, Mark 2020. Squeezing workers' rights in global supply chains: purchasing practices in the Bangladesh garment export sector in comparative perspective, *Review of International Political Economy* 27, pp. 320-347
- Bair, Jennifer, Mark Anner, and Jeremy Blasi 2017. "Sweatshops and the Search for Solutions, Yesterday and Today," PP. 29-56, in *Unmaking the Global Sweatshop: Health and Safety of the World's Garment Workers*, edited by Prentice, Rebecca and Geert De Neve, Philadelphia: University of Pennsylvania Press.

Week 5. Global Integration and the South Korea 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.
- Yeung, H.W.-c. 2009. Regional development and the competitive dynamics of global production networks: An East Asian perspective, *Regional Studies* 43, pp. 325-351.
- Hwang, Hye-Ran and Jae-Yong Choung 2014. The Co-evolution of Technology and Institutions in the Catch-up Process: The Case of the Semiconductor Industry in Korea and Taiwan, *The Journal of Development Studies* 50, pp. 1240-1260.

Week 6. Global Integration and the Taiwan Miracle

- Wang, J.-H. 2007. From technological catch-up to innovation-based economic growth: South Korea and Taiwan compared, *Journal of Development Studies* 43: pp. 1084-1104.
- Lee, C.-W., R. Hayter, and D. W. Edgington. 2010. Large and latecomer firms: the Taiwan Semiconductor manufacturing company and Taiwan's electronics industry, *Tijdschrift voor Economische en Sociale Geografie* 101: pp. 177-198.
- Chu, Wan-wen 2019. "How Taiwan Managed to Grow: Structural Transformation and Industrial Policy," pp. 571-590, in *The Oxford Handbook of Structural Transformation*, edited by Célestin Monga and Justin Yifu Lin, Oxford: Oxford University Press.

Week 7. Global Outsourcing and Offshoring: Apple and Foxconn

- Grimes, Seamus and Yutao Sun 2016. China's evolving role in Apple's global value chain, *Area Development and Policy* 1, pp. 94-112.
- Clarke, Thomas and Martijn Boersma 2019. "Global Corporations and Global Value Chains: the disaggregation of corporations?" pp. 319-365, in *The Oxford Handbook of the Corporation*, edited by Thomas Clarke, Justin O'Brien, and Charles R. T. O'Kelley, Oxford: Oxford University Press.
- Mudambi, R. 2008. Location, control and innovation in knowledge-intensive industries, *Journal of Economic Geography* 8: pp. 699-725.

Week 8. Global Disintegration and the Case of Huawei

- Oxford Economics 2020. Restricting competition in 5G network equipment throughout Europe: An economic impact study. <https://www.oxfordeconomics.com/publication/open/336607>
- Thun, Eric and Timothy Sturgeon, 2019. “When Global Technology Meets Local Standards: Reassessing the China’s Mobile Telecom Policy in the Age of Platform Innovation,” pp. 177-217, in *Policy, Regulation and Innovation in China’s Electricity and Telecom Industries*, edited by Loren Brandt and Thomas G. Rawski, Cambridge: Cambridge University Press.
- Kwan, Chi Hung 2020. The China–US Trade War: Deep-Rooted Causes, Shifting Focus and Uncertain Prospects, *Asian Economic Policy Review* 15, pp. 55–72.

Week 9. Global Disintegration and Brexit

- Dicken, Peter 2015. Global Shift, Cha 10, “Winning and Losing: Where You Live Really Matters,” pp. 304-353.
- Rodríguez-Pose, Andrés 2018. The revenge of the places that don’t matter (and what to do about it), *Cambridge Journal of Regions, Economy and Society* 11, pp. 189–209.
- Broz, J. Lawrence, Jeffrey Frieden, Stephen Weymouth 2019. Populism in Place: The Economic Geography of the Globalization Backlash (40 pages, double-spaced), paper prepared for a special issue of International Organization.

Week 10. Global Restructuring and COVID-19

- Baldwin, Richard and Simon J. Evenett 2020. “Introduction,” pp. 1-20, in *COVID-19 and Trade Policy: Why Turning Inward Won’t Work*, edited by Richard Baldwin and Simon J. Evenett, London: CEPR Press.
- Gereffi, Gary 2020. What does the COVID-19 pandemic teach us about global value chains? The case of medical supplies. *Journal of International Business Policy* 3, pp. 287–301.
- Javorcik, Beata 2020. “Global supply chains will not be the same in the post-COVID-19 world,” pp. 111-116, in *COVID-19 and Trade Policy: Why Turning Inward Won’t Work*, edited by Richard Baldwin and Simon J. Evenett, CEPR Press: London.

Week 11. Globalizing Finance and Financialization

- Cioffi, John W. 2019. “Finance Capitalism, the Financialized Corporation, and Countervailing Power” (41 pages), in *The Oxford Handbook of the Corporation*, edited by Thomas Clarke, Justin O’Brien, and Charles R. T. O’Kelley, Oxford: Oxford University Press.

- Dymski, Gary 2018. “Finance and Financial Systems: Evolving Geographies of Crisis and Instability,” pp. 539-556, in *The New Oxford Handbook of Economic Geography*, edited by Gordon L. Clark, Maryann P. Feldman, Meric S. Gertler, and Dariusz Wójcik, Oxford: Oxford University Press.
- Lazonick, William and Jang-Sup Shin 2020. *Predatory Value Extraction: How the Looting of the Business Corporation Became the U.S. Norm and How Sustainable Prosperity Can Be Restored*. Oxford: Oxford University Press. Cha 3: “The stock market as a value-extracting institution,” pp. 41-68.

Week 12. Summary and Conclusion: Making the World a Better Place

- Dicken, Peter 2015. Cha 11: “Making the World a Better Place,” pp. 354-391.
- Rodrik, Dani and Charles F. Sabel 2019. Building a Good Jobs Economy (28 pages). Harvard Kennedy School Faculty Research Working Paper, NO. RWP20-001. Available at:
https://scholarship.law.columbia.edu/faculty_scholarship/2608