Introduction to the Symposium Multinationals: The Janus Face of Globalization*

Lorraine Eden
TEXAS A&M UNIVERSITY

Stefanie Lenway
UNIVERSITY OF MINNESOTA

Spanning the globe, its affiliates and strategic partnerships linking countries in complex webs of alliances, the multinational enterprise (MNE) is the embodiment of globalization and its principal agent. Nation states have contributed towards making the MNE the key agent of globalization through promoting technological innovation, reducing tariff and non-tariff barriers, and liberalizing their domestic financial systems. Multinationals have been the prime movers behind globalization, taking advantage of the increased openness of domestic economies to integrate their activities across national markets and societies.

Given their mobility and visibility, it is not surprising that MNEs have become a lightning rod for groups concerned about the various costs of globalization: social, cultural, political, and perhaps most importantly, the economic costs. Although international business (IB) scholars and policymakers emphasize the benefits of globalization and cooperative relations with MNEs, the public and non-governmental organizations have ignored these views and focused on the "dark side" of MNE-state relations. With the growing backlash against globalization and MNEs, more research on the Janus face of globalization is needed if the pro-MNE, pro-globalization views of most IB scholars are to prevail in public policy debates.

This research symposium served as an invitation to international business scholars to further explore the Janus face of globalization. Through organizing this symposium, we have come to appreciate that when scholars look at problems identified with globalization's dark side, they also often contribute to our understanding of the bright side—the potential for globalization to bring with it widespread benefits for all. We submit that as scholars we can learn more when we try to ferret out the causal relationships between globalization, the MNE, the state,

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and economic and social progress. If we assume away the dark side, we forgo the opportunity to understand the phenomenon and leave ourselves ill equipped to respond to the polemic of its proponents.

THE CHANGING CHESSBOARD OF INTERNATIONAL BUSINESS

> *Imagine a chessboard where, in addition to the chess pieces, there are immovable blocks scattered across the board. . . . Individuals who play regularly become skilled at taking the barriers into account in their game strategies. Some will hide behind them, others develop methods of avoiding the blocks, others use them to obstruct their opponents. Now suppose the rules of the game are changed and most of the blocks are removed . . . In the short run, some old strategies no longer work and individuals may lose games that they usually won. Costs are incurred in learning new strategies. . . . It is probable that flexibility and scanning ability will be key factors affecting success. In the long run, the game should be faster and the players more efficient. The question is: are we better off after removing the blocks?*
> *Eden (1994, p. 193)*

If we visualize the world in the 1970s and 1980s as a chessboard, then the immovable blocks were the national boundaries and trade walls behind which governments, firms and the citizens found shelter. Protected by politically made walls, countries could maintain their own cultures, traditions and ways of life, as well as their own choice of governance modes. Policy walls provided insulation and protection from the outside; life was slower and safer, less risky. The public and businesses assumed and expected their governments to protect them from external shocks.[1]

Government policy changes and the new information technologies have, if not removed, then at least significantly reduced the impact of these immovable blocks between economies. Starting in the early 1980s, both developed and developing governments began substantially liberalizing their economies, cutting trade barriers and opening their doors to foreign direct investment (FDI). State-owned enterprises were privatized and domestic markets were deregulated. With the collapse of communism in 1989, the transition economies of Central and Eastern Europe (CEE) began to follow suit. The removal of policy barriers has stimulated the enormous growth in economic linkages—cross-border flows of trade, investment, finance, and technology—among most of the world's nation-states in the 1990s (UNCTAD, 1999).

The second driver, the information technology revolution—the 'new new thing'—has changed the rules of the game. Computer chips, satellites and the Internet have dramatically reduced telecommunications costs, in the same way that the railroad and the automobile reduced transport costs at the end of the 1800s. If walls—dividing people into 'us' and 'them'—were the rules of the game in the Cold War system, then the Internet—linking people all over the globe—is the rule of the game today. In terms of our chessboard metaphor, information technologies allow agents to go around, through and even take advantage of the blocks (avoid, evade, arbitrage) such that they are rendered ineffective. Individuals, businesses and governments can 'reach out and touch someone' immediately, even on the other side of the world. People can share events simultaneously on opposite sides of the globe.

If information technology and government policy have been the underlying technology and political drivers behind globalization, the primary economic agent facilitating and benefiting from globalization has been the multinational enterprise (MNE). MNEs, by definition, span national borders. As Vernon (1971, 1977, 1985, 1991) has long argued, multinationals have three characteristics—common control, common goals and common ownership of geographically spread resources–that create a paradox for nation states. On the one hand, these characteristics offer the potential for cooperative behavior and mutual gains; on the other hand, the potential exists for the MNE to reap extraordinary profits at the expense of an individual nation-state. Multinationals and nation states were "two systems, . . . each legitimated by popular consent, each potentially useful to the other, yet each containing features antagonistic to the other" (Vernon, 1991, p. 191). Because these institutions have different geographic scopes and responsibilities, it was not surprising that their objectives also differed; the question was whether the goals were compatible.

Common control, common goals and common ownership of geographically spread resources create the potential for mutual gains between MNEs and nation states. Multinational firms come with firm specific advantages that enable them to overcome the liability of foreignness in host countries (Hymer, 1960). This makes multinationals attractive to governments that are interested in improving their country's economic growth and national competitiveness.

On the other hand, MNEs have goals that are narrower and more directed (e.g., maximization of long-run returns) than the complex goals of nation states (e.g., a high and rising standard of living, job creation, generation of tax revenues, mitigating the effects of social dislocation and facilitating the economic adjustment necessitated by globalization). MNEs have access to broader and more mobile resources. Being located in several countries means these firms can tap into human and physical resources in many locations, and shift among locations as technology, factor endowment availability and prices dictate. Common control by the parent firm means that head office staff on the other side of the world can make decisions that affect the lives of thousands of people in host countries.

Because the nation state system formally gives governments sovereignty only within their borders, highly mobile actors like MNEs with the ability to escape national jurisdictions can play one government off against another. It is therefore not surprising that host governments have historically distrusted the multinational enterprises in their midst. In the 1960s and 1970s, expropriations, regulatory agencies and performance requirements characterized a period of turbulence and conflict in MNE-government relations. Out of that time, came the obsolescing bargain model as "the" theory of MNE-state relations in the IB literature (Brewer, 1992; Eden, 1991; Fagre and Wells, 1982; Grosse, 1996; Grosse and Behrman, 1992; Jenkins, 1986; Kobrin, 1985, 1987; Moran, 1985; Mytelka, 2000; Vachani, 1995; Vernon, 1971, 1977, 1985, 1991).

During the 1980s and 1990s, the pendulum swung in the opposite direction as MNE-state relations shifted from confrontation to cooperation. Host governments sought to attract inward FDI by opening and liberalizing their economies. New models of cooperative MNE-state relations began to evolve (Dunning, 1993, 1994, 1997; Stopford, 1994). Some authors predict that this period of calm is now ending, as globalization creates a backlash in the OECD countries against multinationals and international organizations (Graham, 2000; Rodrik, 1997; Rugman, 2000; Vernon, 1998).

Thus, the multinational enterprise is Janus, the two-faced symbol of globalization. Who sees the MNE primarily in terms of its bright side? Its dark side? We argue that different groups have different visions of the MNE. Government policy makers, who in the 1970s focused on the dark side of the MNE, have now reversed their views and look on the bright side of the MNE. Many groups in civil society, on the other hand, including non-governmental organizations (NGOs) such as labor, environmental and church groups at the national and international levels, tend to view the MNE through predominantly dark lenses. The third group—international business scholars—while apparently neutral in examining the "nature of the beast", we argue has implicitly or explicitly (Rugman, 2000) adopted the bright-side perspective on the MNE.

PURPOSE AND SCOPE OF THE SYMPOSIUM

Exploring the changing nature of MNE-state relations at the dawn of the 21st century is one of the purposes of this research symposium. We believe that framing the MNE as the key Janus-faced agent of globalization illuminates new challenges for states as well as for firms—the challenges involved in devising policies to help individuals navigate the political, social, economic, and cultural dislocations that globalization leaves in its wake. We invited IB scholars to investigate and shed light on these challenges. We hoped that this symposium would motivate research that would address the following issues:

- How are multinationals and governments attempting to reconcile the opportunities of globalization with the need for social and economic adjustments to facilitate the abilities of individuals and countries to enjoy these opportunities?
- How are MNE-government relations changing as we move into the 21st century? How do these differ from past relations and across different countries and regions of the world? Are relations becoming more cooperative or conflictual? What roles do institutions and the political, social and cultural environment play?
- Is the obsolescing bargain model an appropriate theoretical model for analyzing MNE-state relations in a global economy? What new theoretical lenses can IB and IPE scholars use to understand MNEs as the Janus face of globalization?
- How are the international strategies of MNEs changing? Are they increasing opportunities for citizens of developed and developing countries who are not prepared for the rigors of globalization?
- How is regulation of MNEs changing, at the national and international levels, to address issues raised by the darker side of globalization?

Seven papers are published in the symposium. One paper focuses on MNE-state relations; two papers analyze the impacts of globalization on the efficacy of specific government policies regulating MNE behavior; two papers address critiques by the anti-globalization movement; and one paper examines the impact of globalization on career paths in an MNE. A seventh paper, by Raymond Vernon, that examines the ways in which globalization is changing business-government relations, is being published posthumously.

The rest of this introduction is organized as follows. First, we discuss various definitions of globalization and argue that "globalization-as-creative-destruction" best captures the forces currently affecting nations, firms and individuals. We then argue that the MNE is the "face" of globalization, the key actor motivating and benefiting from these forces. Perspectives on the MNE vary enormously; policy makers and academics tend to focus on the "bright side" whereas the public and non-governmental organizations (NGOs) see the MNE "through a glass darkly". We then turn to a discussion of the individual papers in the symposium and the implications of some of their findings for the Janus-faced view of globalization. In conclusion, we identify new areas for research that emerge if one remains open to the possibility that the MNE could be Janus faced.

GLOBALIZATION—CREATIVE DESTRUCTION?

What is globalization? We argue that it represents far-reaching and permanent change in the natural order of society. Higgott (1999, p. 5) hypothesized that there were four broad styles of definitions of globalization, depending on how the writer viewed globalization as:

- A specific historical epoch ("we've been here before"; i.e., the current world economy is, at best, as open as it was in the late 1800s).
- A confluence of economic phenomena including policy changes (liberalization, deregulation and privatisation of national markets; the cross-border integration of capital markets) and technology diffusion.
- The hegemony of US values (the triumph of western capitalism and its values) or creation of a global mind set among key decision makers.
- A technological and social revolution (an irreversible paradigmatic shift in political, economic and social relations from industrial capitalism to post-industrialism).

All four definitions have two common features: the cross-border integration of national production, exchange and financial markets, and the declining autonomy and policy capacity of the nation state. Where they differ is how they answer the following questions. How important a phenomenon is globalization (is it old wine in new bottles)? How widespread[2] is it? Does it extend past the economic and political spheres? Does globalization enhance or detract from the quality of life of those whom it touches?

Our view accords with the fourth perspective on Higgott's list. We are in the midst of a technological and social revolution, led by information technologies. Globalization is not *multi*-nationalisation or *inter*-nationalisation or *regional*-isation. It is not measured simply by the growth in cross-border activities, but by *the creation and growth of globalized activities, that is, phenomena that transcend national borders, extending across, leveraging, and moving between many locations around the globe simultaneously*. Some examples of globalized activities are: satellite television, newspaper websites and list serves,[3] 24-hour foreign exchange trading,[4] and the provision of global environmental public goods (e.g., global environmental quality, the prevention of global warming and the protection of the ozone layer). Multinational enterprises (MNEs) use global and transnational strategies including global product development, sourcing, and advertising.[5] The creation of global value-chain networks by MNEs is perhaps "the critical discontinuity between economic integration since the 1980s and previous eras", according to Prakash and Hart (2000, p. 2). Global organizations create transnational elites and communities (AIB members!) that share common interests, goals and histories. A few years ago, most of these activities were simply not possible. We are entering a new era, one that is fundamentally different from what went before.

Rodrik (1997, pp. 4-7) contends that globalization has created three new sources of tension in OECD countries. First, the decline in information costs and policy barriers has increased the cross-border mobility of most, but not all, factors of production. The asymmetry in mobility means that the less mobile pay more of the costs of globalization, incur greater instability in earnings, and see their relative bargaining power fall. Second, the shrinkage in the welfare state over the past 20 years has made it difficult for OECD governments to protect their citizens against the redistributive consequences of globalization. As a result, the less mobile now have less of a social safety net than in the past. Lastly, globalization has increased trade and FDI linkages between countries at very different development levels, with very different norms and social institutions.

Rodrik sees the "new" issues in trade policy (e.g., labor standards, environment, corruption) as reflecting the increased unease in OECD countries over the perceived weakening of domestic social institutions by the forces of globalization. The demand for "fair trade" and the failure of the Multilateral Agreement on Investment (MAI) reflect individual concerns for fairness and legitimacy, not just the demands of self-interested protectionists. Rodrik (1997, p. 85) concludes that "the tensions between globalization and social cohesion are real, and they are unlikely to disappear", and calls for more research and "a good dose of pragmatism". He fears that complacency about the social consequences of globalization may cause a political backlash against international trade and increased social disintegration within and between countries.

At the start of a new century, therefore, globalization presents both opportunities and threats: opportunities in the sense of economic abundance, freedom of political expression, and cultural diversity; threats in the form of economic and social insecurity, political instability, environmental degradation and cultural decay. Globalization is leaving some parts of the world behind, unconnected through the Internet, untouched by foreign direct investment. Other parts are rocked by international capital flows that move instantly in and out of countries. For some of us—the technologically literate, the intelligentsia, the e-commerce website owners – globalization is wonderful. But for those who are not fleet of foot, bringing down the barriers protecting national borders has been a frightening and intimidating experience in the 1990s. Creative destruction sounds wonderful, except for the person living through it. We should therefore not be surprised by the backlash from those who feel disenfranchised by the process or who blame their suffering on globalization.

THE MULTINATIONAL ENTERPRISE AS THE JANUS FACE OF GLOBALIZATION

Multinational enterprises are the "face" of globalization because they provide three functions that facilitate globalization: MNEs are market-making firms, they create investment bridges to the global economy, and they act as agents of change (Eden, 1995).

- MNEs are *market-making firms,* simultaneously involved at the international level (linked through the MNE network to international markets and to affiliates and countries outside their home country) and at the domestic level (as firms involved in domestic markets with production, sales and employment).
- MNEs are *investment bridges* between economies, as windows on what is going on in production, technology and marketing elsewhere in the world, bringing new technologies and new ways (including environmentally sustainable ways) of organizing production to the host economy and carrying national organizing principles to other countries.
- MNEs are *agents of change* within countries, increasing the competitive pressures on domestic firms, demonstrating and diffusing new techniques and technologies throughout the economy.

In these three capacities, the multinational enterprise offers the ability to create value-adding activities that can improve national competitiveness, thereby contributing to economic growth and national welfare. As such, MNEs are sources of engineering national competitive advantage, which makes them particularly attractive to nation states.

In the mid-1980s and 1990s, MNE-state relations shifted from confrontation to cooperation. Nation states began to see MNEs as the means by which national competitive advantage can be generated and sustained (Dunning, 1993). Governments moved from regulating to encouraging entry, from taxing to subsidizing, from opposition to FDI to partnership with multinationals. Some governments promoted the innovative capabilities of their domestic firms, regardless of ownership, recognizing the ability of MNE affiliates to play a positive role in upgrading industry resources and capabilities. Governments saw inward and outward FDI as complementary to domestic investment by domestic firms, and developed policies to encourage inward FDI and to improve the competitive advantages of their own MNEs in foreign markets. Thus, the politics of national economic competitiveness in the 1990s means that MNEs and nation states are seen as partners in the race to engineer competitive advantage (Murtha and Lenway, 1994).

Yet, their increasing size and geographic scope, which endow MNEs with considerable economic power, can also potentially lead these firms to exact a toll from both home and host states. If the MNE has a "bright side" in terms of its potential contribution to economic growth and national welfare, it also has a "dark side" represented by its potential negative impacts in the environment, labor and human rights areas. At the beginning of the 1990s, Alan Rugman predicted this upcoming tension:

> *Multinational enterprises are in business; they are not social agencies. Yet over the next decade there will be more criticism of the performance and social responsibility of multina-*

tional enterprises, including their linkage to the environment. The single goal of efficient economic performance through a simplistic globalisation strategy will be compromised by the need for the multinational enterprises to be more responsive to social needs and national interests. (Rugman 1993, p. 87)

At the end of the 1990s, Vernon (1998) argued that the current calm period in MNE-state relations was the "eye in the hurricane", which would soon end as MNE-state relations soured in the early years of the new century. His reasons were two-fold. First, many emerging economies (especially the transition economies) lack experience with inward FDI and are therefore likely to make old mistakes. At the same time, these governments now have new MNEs of their own, often former state-owned enterprises, and are likely to use these MNEs as Trojan horses to exert extraterritorial influence. Second, in the OECD countries the traditional MNE-home country tensions (i.e., employment, international tax, national security, interjurisdictional overreach) are now accompanied by increased pressures to take advantage of investment opportunities in newly liberalized economies, with home governments now asking "what have you done for me lately?" Thus, Vernon worried that "[T]he world was slipping into a period in which the inescapable clashes between multinational enterprises and nation-states might be growing in frequency and intensity, evoking responses from both the public and private sectors that would substantially impair their performance" (Vernon, 1998, p. vii).

The negative view of MNEs, foretold by Rugman and Vernon, is most clearly seen on the Internet. Websites maintained by citizen and NGO groups (see Table 1) tell a story that portrays a dark side to the multinational enterprise and to globalization in general. These groups see pollution-generating, tax-evading, corruption-breeding MNEs, stifling domestic entrepreneurship and bringing misery and hardships to the public. One representative quote is reproduced below:

[T]ransnational corporations are moving to circumvent national governments. The borders and regulatory agencies of most governments are caving in to the New World Order of globalization, allowing corporations to assume an ever more stateless quality, leaving them less and less accountable to any government anywhere. These corporations . . . are reorganizing world economic structures — and thus the balance of political power — through a series of intergovernmental trade and investment accords [that] . . . . allow corporations to circumvent the power and authority of national governments and local communities, thus endangering workers' rights, the environment and democratic political processes.
(http://www.corpwatch.org/trac/feature/planet/fact_1.html)

The power of these NGOs and their websites should not be denigrated. It was the worldwide mobilization of interest groups that helped to engineer the death of the Multilateral Agreement on Investment (MAI) in 1998 (Graham, 2000; Kobrin, 2001a, 2001b, 1998). Kobrin (1998) notes that the public's concern was focused on national treatment, most favored nation treatment (MFN), the ban on performance requirements, the expropriation clause and the rights of inves-

TABLE 1
THE VIEW FROM THE "DARK SIDE"

Baobab's Corporate Power Information Center (http://baobabcomputing.com/corporatepower/)
Corporate Watch (http://www.corpwatch.org/)
Corporations and Fair Trade (http://globalissues.org/TradeRelated/Corporations.asp)
Corporatism & Globalization (http://www.life.ca/subject/corporate.html)
Multinational Monitor (http://www.essential.org/monitor/)
Public Citizen Global Trade Watch (http://www.citizen.org/pctrade/tradehome.html)
MAI No Thanks! (http://mai.flora.org/library/)
International Forum on Globalization (http://www.ifg.org/)
One World (http://www.oneworld.org/guides/globalization/front.shtml)
Globalization Website (http://www.globalizationsite.com/)
World Socialist Website (http://www.wsws.org/index.shtml)
World Revolution (http://www.worldrevolution.org/welcome.asp)
Council for Canadian Unity: Globalization (http://www.ccu-cuc.ca/en/library/globalization.html)
Mobilization for Social Justice (http://www.a16.org/)
Center for Economic Justice (http://www.econjustice.net/)
Fifty Years Is Enough (http://www.50years.org/)
Global Economic Crisis (http://www.zmag.org/CrisesCurEvts/Globalism/GlobalEcon.htm)
Export Credit Agencies (http://www.eca-watch.org/)
Whirled Bank (http://www.whirledbank.org/)
Alternatives to Globalization (http://www.info.com.ph/~globalzn/welcome1.htm)
WTO Parody Site (http://www.gatt.org/homewto.html)
Global Exchange (http://www.globalexchange.org/)

tors to sue governments. NGOs argued that government regulations enforcing environmental, health or workers' rights could be interpreted as expropriation, which was prohibited by the MAI and would therefore allow MNEs to sue governments for compensation.[6] More generally, the MAI was seen as a top-down, elite-driven project. Kobrin argues that one lesson from the MAI is that the Internet makes it much for difficult for policy makers to conduct international negotiations, aimed at the continued liberalization of the global economy, in private.

Other examples of NGOs protesting against globalization come to mind. A variety of NGOs disrupted the Seattle meeting of the World Trade Organization in November 1999 (see http://www.ifg.org). In the wake of these protests, WTO members decided to postpone indefinitely the "millennium" round of WTO negotiations. The inclusion of side agreements on labor and the environment in the North American Free Trade Agreement (NAFTA) was also evidence of the newfound power of NGOs to enforce national standards on MNEs operating in developing countries. The public protests and riots in Quebec City in April 2001 at the third meeting of heads of state agreeing to the general principles of the Free Trade Area of the Americas is another example. In addition, multinationals themselves—witness the recent footwear coalition headed by NIKE—have banded together to sign codes of conduct, binding them to enforcing standards (e.g., child labor) partly in fear of consumer boycotts organized by NGOs.[7]

Graham (2000) argues that anti-globalization activists that target MNEs and global agreements such as the MAI are fighting the wrong enemy. However, the success of the backlash against globalization, he concludes, is partly the fault of scholars and policy makers who have ignored the public's fears and treated them as groundless. His concern about the lack of scholarly research, and public dissemination of this research, on the Janus face of globalization, is echoed below.

THE MULTINATIONAL ENTERPRISE: WHERE SITS THE ACADEMY?

From a political-economy perspective, the bottom line, the who-gets-what questions, should be asked not only about governments and business but also about people. How are individual men and women, families and children, affected by globalization? (Strange, 1997, p. 142)

Historically, international business scholars have focused on understanding the multinational enterprise—how it arose, expanded and became a successful organizational form. Business historians such as Alfred Chandler and Mira Wilkins provided rich, detailed and balanced analyses of the MNE. Other scholars such as Dunning, Casson, Buckley and Rugman developed theoretical frameworks–internalization theory and the OLI paradigm–for analyzing MNE location and mode of entry decisions. Still others such as Vernon, Moran and Kobrin focused on the changing nature of MNE-state relations. However, most MNE research by IB scholars, we submit, has implicitly adopted a pro-MNE stance.

Let us provide some examples. First, internalization theory argues that the key motivation for internalization is the avoidance of transactions costs and government-imposed market imperfections; ipso facto, internalization is welfare enhancing (Buckley and Casson, 1976; Dunning, 1988; Rugman, 1981). Much less attention is paid to the creation of endogenous market imperfections through the erection of Bain-like barriers to entry or collusive behavior (Hymer, 1976). In addition, while opportunism is a major focus in internalization theory, it refers primarily to opportunism between arm's length buyers and suppliers; less attention is paid to opportunistic behavior by MNEs with respect to governments, employees or consumers. It is also instructive that Stephen Hymer is remembered primarily for the general concept of firm specific advantages in his dissertation, less so for his view that these advantages were anti-competitive in nature, and not at all for his disturbing portraits of the dark side of the MNE (Hymer 1979a, 1979b).

Another example is the list of four primary motivations for FDI: market seeking, resource seeking, efficiency seeking and strategic asset seeking. All four motives are positive and beneficial; any government should welcome FDI based on this list. However, financial motivations for moving to tax havens or pollution havens tend to be ignored or are seen as minor influences.[8] Little work has been done by IB scholars on topics such as MNEs and money laundering, corruption, tax evasion and pollution. Even in *JIBS* and in management journals that increasingly publish IB studies (e.g., *JIM, MIR, AMJ, AMR, SMJ*), it is hard to find published work that focuses on the dark side of the MNE. Perhaps it is the objectivity with which IB scholars conduct their research, perhaps it is not the place for members of the academy to study such topics (better left to the IPE scholars?), but it is clear that there has been little "shining of the light in dark corners" by members of our academy.[9]

On the other hand, international political economy (IPE) scholars have tilted in the opposite direction, viewing multinationals and FDI with suspicion, and stressing their negative social and political effects on host countries (Eden, 1991). Their research is almost totally unknown within the AIB, particularly radical IPE scholars (neo-Marxists, structuralists and world systems theorists) such as Emmanuel Wallerstein, Robert Cox and Stephen Gill. Even Susan Strange (Strange, 1997; Stopford and Strange, 1991), a leading IPE scholar with several works on the political economy of FDI, would, we wager, be known by less than 50 percent of AIB members. This research is, however, extremely relevant to our understanding of the role that MNEs plays in the economic and political life of nation-states. For example, Prakash and Hart (1999, 2000a, 2000b) brought together scholars from International Political Economy, Economics, Public Affairs, and International Business to address both the opportunities and threats posed by globalization and the challenges that MNEs as the most mobile actors in the world economy pose for domestic policy implementation.

From an IB perspective, we are playing devil's advocates here. The picture is not as stark as we have painted it. There are IB scholars currently working on some of the potentially negative aspects of MNEs and globalization; see, for example, MNEs and environmental issues (Graham, 2000; Rugman and Verbeke, 2000), the politics of FDI (Murtha and Lenway, 1994; Rugman and Verbeke, 1990), MNEs and international taxation (Kudrle, 1999, 2000), MNEs and labor standards (Graham, 2000); and MNEs, globalization and the Internet (Kobrin, 2001a, 2001b, 1998). Our goal, with this symposium, was to encourage even more IB research that investigates the role of MNEs and nation-states in "dark-side" phenomenon.

PAPERS IN THE SYMPOSIUM

We now turn to the seven papers that comprise this symposium to illustrate the richness of current research that encompasses the Janus face of globalization. We received twenty-four papers that were peer reviewed, in a double blind process, by leading scholars in IB research, to whom we owe a debt of gratitude for thoughtfully reading the papers and pushing the authors to clarify their arguments and the implications of their empirical analysis. Based on our own reading of the papers and the reviewers' comments, we accepted six out of the twenty-four papers together with Vernon's paper. Two focus on MNE-state relations; two analyze the impact of globalization on the efficacy of specific public policies regarding firm behavior; two address critiques by the anti-globalization movement; and one looks specifically at the impact of globalization on individuals' career paths in a multinational service provider.

The first paper, "Toward a Cooperative View of MNC-Host Government Relations: Building Blocks and Performance Implications" by Yadong Luo, argues that a new cooperative model should replace the traditional conflictual model of MNE-host government relations. Luo theorizes that four constructs can be used to analyze cooperative relations between multinationals and nation states:

resource complementarity, personal relations, political accommodation, and organizational credibility. He hypothesizes that stronger and more positive interdependencies at both the individual and organizational levels of analysis can result in improved MNE performance in host countries. His empirical analysis of 131 MNEs in China validates these constructs in shaping MNE–government relations and affiliate performance.

The next two papers raise policy dilemmas that national governments face in their efforts to promote policies intended to strengthen their domestic economy. The combined results of these papers are counter-intuitive. Susan Feinberg and Sumit Majumdar, in "Technology Spillovers from Foreign Direct Investment in the Indian Pharmaceutical Industry", analyze whether the Indian government has succeeded in its efforts to promote technology spillovers between MNEs and local Indian pharmaceutical firms, by restricting FDI and by adopting a weak posture towards the enforcement of intellectual property protection. Their results suggest that these policies did not achieve their intended objective. Indian pharmaceutical companies did not benefit from R&D carried out by Indian affiliates of multinational pharmaceutical companies; instead, their R&D benefited R&D carried out by their multi-national counterparts.

In contrast, Petra Christmann and Glen Taylor, in "Globalization and the Environment: Determinants of Firm Self-Regulation in China", investigate the argument that weak enforcement of environmental policies in developing countries leads to a race to the bottom and industrial flight from developed countries. Critics of globalization argue that MNEs locate manufacturing operations in developing countries in part to escape the stringent (and expensive) environmental regulations imposed in developed countries. The authors find instead, that MNE subsidiaries in China and their suppliers had higher rates of environmental compliance and were more likely to adopt environmental management systems such as ISO 14000 that exceed Chinese environmental regulations than other firms. While these results are country and sector specific, the two papers taken together raise questions about the kinds of government policies that would align the strategies adopted by MNE affiliates with the interests of host countries' citizens.

The next two papers also suggest that the domestic manifestation of globalization is not always what it seems and that interest group politics both help and hinder greater economic liberalization. Joseph Clougherty, in "Globalization and the Autonomy of Domestic Competition Policy: An Empirical Test on the World Airline Industry", argues that globalization threatens the domestic political support—both in terms of private interest pressure (interest groups) and public interest support (national welfare)—behind strong competition policy, as domestic airline concentration promotes the global competitiveness of a national airline industry. Using panel data from twenty-one countries over the 1983-92 period, he finds globalization pressures leading to relatively high domestic concentration levels for national airline industries. This consolidation in turn could compromise the interests of airline companies that do not compete internationally, and of consumers who might face higher prices for domestic travel due to reduced domestic competition (the "dark side" of globalization). Clougherty also finds evidence supporting a government's institutional commitment to antitrust principles as mediating globalization's impact on domestic airline competition policy, accordingly, suggesting that national governments can play a significant role in limiting the 'dark-side' effects of globalization. The paper provides some much-needed empirical evidence for the concern that globalization reduces domestic policy autonomy, in this case with respect to competition policy.

Joanne Oxley and Karen Schnietz in their paper, "Globalization Derailed? Multinational Investors' Response to the 1997 Denial of Fast-Track Negotiating Authority", measure the impact on U.S. MNE's stock market prices of the U.S. Congress' failure to pass legislation giving the President fast-track authority. They found that U.S. MNEs experienced a negative and significant reduction in their stock prices on the days surrounding the failure of fast track. Their analysis suggests that to the extent the failure of fast track signals a reduction of U.S. commitment to globalization, investors expect the profitability of U.S. MNEs to decline. These results extrapolated to the airline case further the possibility that domestic airline consolidation could be national welfare enhancing and that domestic policy autonomy is not intrinsically beneficial from a national welfare perspective.

William Newburry's research note, "MNC Interdependence and Local Embeddedness Influences on Perceptions of Career Benefits from Global Integration", focuses on local employee perceptions of their career prospects as the activities of their country offices become more integrated with those of other country affiliates. Newburry finds that local employees in offices that had greater shared client involvement believed that their career opportunities would increase. In contrast, his results suggest that employees focused primarily on domestic clients perceived that increased global integration would lower their career prospects. This paper provides a perspective on the experience of individuals who are living through changes taking place in their organizations as these organizations become increasingly globalized. Given the growing importance of individual initiative and judgment, especially in the service industries, their experience provides us with clues about what MNEs need to do to facilitate their employees' abilities to adjust to working in an increasing globalized work environment.

The symposium ends with a research note by Raymond Vernon, "Big Business and National Governments: Reshaping the Compact in a Globalizing Economy."[10] This note echoes many of the themes and concerns in Vernon's *In the Hurricane's Eye* (Vernon, 1998) about the changing nature of MNE-state relations at the end of the 20th century. He argues that public support in OECD countries for open markets is weakening, partly because interest groups are willing to sacrifice open borders for noneconomic issues such as the environment, human rights and religious freedom. At the same time, multinational enterprises appear to be losing their national identities and loyalties as they increasingly view markets from a global perspective. Vernon concludes that we cannot rely on open markets and democratic societies as an adequate foundation for a "new compact between big business and national governments".

DIRECTIONS FOR FUTURE RESEARCH

Kobrin (2001b) argues that MNEs are under attack by the anti-globalization movement, not because they have done anything wrong, but because of their roles as integrating agents in the world economy and as facilitators of globalization, in addition to questions about their power and the fall-off in countervailing power from labor and national governments. Kobrin and others have argued that the anti-globalization movement is evolving into a global organization that could potentially threaten the continued liberalization of the global economy. The anti-globalization movement has called into question the legitimacy of the MNE as well as of the key global institutions given the responsibility to ensure the stability and growth of the global economy.

The papers in this symposium provide a springboard for future research that investigates the central claims of the anti-globalization movement. IB scholars, using the resource dependency and social exchange approaches applied in the Luo paper, could help to identify how the strategic interdependencies among MNEs and nation-states contribute to the spread of poverty, worsening environmental degradation, and the reduction of political representation (Kobrin, 2001b). This might repair some of the damage inflicted on the legitimacy of the MNE, individual nation-states, and the multilateral organizations (e.g., the IMF, World Bank, WTO) that these nation-states have created to govern the world economy. More research is also needed to increase our understanding of the importance of credible commitments on the part of both the MNE and the nation-state to help ensure the equitable sharing of the wealth created by MNE affiliates. Previously the obsolescing bargain (Vernon, 1971: p. 46) emphasized that the lack of credible commitments on the part of states led to the need for MNEs to renegotiate the allocation of a project's proceeds among the host government and the parent company's management and stockholders.

The papers in this symposium on technology transfer and the environment prove evidence that some of the attacks on the legitimacy of the MNE are unwarranted. Research that investigates conditions under which MNEs may have abused the power that they have accumulated could help shed light on the extent to which they put short-term financial interests ahead of building the long-term legitimacy of the firm. The Feinberg and Majumdar paper finds evidence that restrictive government policies designed to encourage MNE investment to benefit local firms might backfire and reduce an MNE affiliate's interest in strengthening the local economy. The Christmann and Taylor paper suggests that MNEs do not necessarily race to the bottom (Spar and Yoffie, 2000) to take advantage of lax environmental enforcement and may even invest in environmental abatement technology that exceeds host country regulatory requirements. Both papers also point to the key role that MNEs can play as agents of change within countries through diffusing new technologies.

A similar dilemma emerges with respect to the economic impacts of public policies that appear to enhance domestic policy autonomy. The results of the Clougherty and Oxley and Schnietz papers taken together suggest that the apparent preservation of domestic policy autonomy could be the bright side of rent-seeking strategies by companies that do not have the organizational or technological capabilities to take advantage of ongoing economic liberalization. We need more research that distinguishes policy arenas in which domestic policy autonomy helps to strengthen the global competitive position of domestic companies from those policy arenas in which domestic policy autonomy acts as a smoke screen to protect the interests of companies lacking the capabilities to participate in the global economy.

Ultimately, the challenges posed by Janus face of globalization come down to challenges that individuals have to face on a daily basis in coming to terms with changes that globalization brings to one's work life. No matter how substantial the economic benefits of globalization, globalization brings to the individual a greater need to adjust to increased pressures for job mobility, greater opportunities to enjoy diversity and greater returns from acquiring new skills. Newburry's paper points out that employees with a primarily local focus may see global integration as a threat.

Rodrik (1997, p. 4) points out that "reduced barriers to trade and investment accentuate the asymmetry between groups that can cross international borders. . . and those that cannot." He goes on to argue that this asymmetry threatens the post-war labor bargain in which employers commit to continual increases in wages and benefits in exchange for peaceful labor relations. Globalization means that some workers will be displaced permanently because of a change in the mix of skill requirements in their communities. We need more research to increase our understanding of how MNEs and nation-states can work together to help workers acquire the skill-sets that they need to avoid the suffering that accompanies this permanent displacement and enjoy the opportunities that attend participation in the global economy.

NOTES

1. For example, the 1973-74 oil crisis was handled through extensive government intervention: wage and price controls, export taxes, import subsidies, detailed tracking of oil imports. How likely is that today?

2. Rugman (2000), for example, argues that regionalization, not globalization, is occurring within the Triad of North America, Japan and the European Union.

3. For example, CNN's message board recorded over 500 messages within 24 hours of Texas A&M's tragedy when the Aggie Bonfire collapsed on November 18, 1999. Live video was seen around the world on the CNN web page (http://www.cnn.com).

4. Even professors can do this. While finishing a paper with authors in three countries (US, UK, China) one of the authors on this paper took advantage of the time zone differences to work around the clock. This would not have been possible five years ago.

5. Ford ran a two-minute TV commercial on every station around the world on Monday, November 8, 1999 at 9:00 p.m. as a way to signal it was a truly global corporation.

6. The recent debate in Canada over the plain paper packaging of cigarettes and whether that constituted expropriation under NAFTA Chapter 20 is an example.

7. Nike officially endorsed the activities of the Fair Labor Association (FLA), a group committed to workers' welfare in developing countries. The FLA will put its stamp of approval on the products of companies whose factories have passed its inspection (Pereira, Joseph. 2001. "Apparel Makers Back New Labor Inspection Group, "Wall Street Journal, Section B, p.1)

8. See, however, Kudrle (1999).

9. One obvious area where IB scholars to focus on the dark side of the MNE would be in transition economies—is-

sues of crony capitalism, corruption and bribery unleashed by the end of communism and the absence of market-based institutions.

10. We know Ray would have enjoyed having the last word!

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OECD Guidelines for Multinational Enterprises, 21 June 1976, introduction, para. 8; Draft UN Code of Conduct for TNCs, UN Doc. E/1990/94, 12 June 1990, para. 1, at 5.Google Scholar.Â For an analysis of the influence of multinational enterprises on national public policy choices see Razeen Sally, â€œPublic Policy and the Janus Face of the Multinational Enterprise: National Embeddedness and International Productionâ€, in Philip Gummett (ed.), Globalization and Public Policy, 1996, pp. 64â€“82.Google Scholar. 82. See Richard Higgott, â€œBeyond Embedded Liberalism: Governing the International Trade Regime in an Era of Economic Nationalismâ€, in Philip Gummmett (ed.), Globalization, op. cit.,pp. 18â€“45, at 35Google Scholar. Globalization and Its Implications for Civic Education. Margaret Stimmann Branson, Associate Director Center for Civic Education. A paper delivered to the Democracy and the Globalization of Politics and the Economy International Conference Haus auf der Alb, Bad Urach, Germany October, 1999. German Federal Agency for Civic Education in co-operation with the State Agency for Civic Education, Stuttgart, Germany and the Center for Civic Education, Calabasas, CA USA. INTRODUCTION. It has been said that high expectations breed deep frustrations. Perhaps the truth of that saying is attested in recent Multinational corporations (MNCs) play signicant roles in shaping the global economy. For exam-ple, MNCs in the U.S., which has the worldâ€™s largest economy, make disproportionate contributions to the national economy: They represent a very small number of total American rms (less than 1%), but a large fraction of GDP, exports, imports, research and development, and private-sector employee compensation; Specically, U.S. MNC parent companies in 2016 constituted more.Â In doing so, we relate our discussion to the theoretical framework of heterogeneous rms in international economics to describe MNCsâ€™ unique positions in the global economy. Specically, we discuss how MNCsâ€™ engagement in international trade and foreign investment aects their policy preferences. The greatest challenge facing today's globalization researcher lies, therefore, in connecting and synthesizing the various strands of knowledge in a way that does justice to the increasingly fluid and interdependent nature of our postmodern world. In short, globalization studies calls for an interdisciplinary approach broad enough to behold the 'big picture'.Â A close look at bin Laden's right wrist reveals yet another clue to the powerful dynamics of globalization. As he directs his words of contempt for the United States and its allies at his hand-held microphone, his retreating sleeve exposes a stylish sports watch. Journalists who noticed this expensive accessory have speculated about the origins of the timepiece in question.