

Economics, Ethics, and Impacts of the Global Economy: The Nike Example
(Spring, 1998 - 3 credits)

TTh 2:00-3:15 p.m., UCIS Conference Room (223 East Franklin Street)

Prof. Richard Andrews Dept. of Environmental Science	Prof. Nick Didow Kenan Flagler School of Business	Prof. James Peacock Director - University Center for International Studies and Dept. of Anthropology
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Course assistant: Carla Jones (Anthropology), UCIS, 223 East Franklin Street (962-3094)

The rapid recent globalization of manufacturing and finance raises important questions of economics, ethics, and other impacts, both for individuals as citizens, workers and consumers, and for institutions such as businesses, governments, and universities. This seminar will explore these issues using as a case study the sports shoe and apparel industry. Topics will include the specific example of the Nike Corporation, in the context of the several larger trends and forces within which it has evolved and now operates: the history of U.S. textile and shoe manufacturing, and related issues of labor and workplace conditions; the growth of sports shoe and apparel marketing, and its relationship to college athletics as well as competitive factors in manufacturing and marketing; the larger forces driving globalization of manufacturing for the U.S. market, and their impacts; the specific contexts of the countries, cultures, and economies of southeast Asia; and finally, the issues of ethics and policy choice that arise from these topics, for universities and individual students and consumers as well as for businesses and governments.

The course will be conducted as an intensive multidisciplinary seminar, team-taught by three faculty members: one in public policy (Andrews), one in Sports Marketing (Didow), and one in Anthropology and International Studies (Peacock). It will also draw on guest participation by other faculty members and outside speakers who have special expertise on each topic. The seminar is open to any student with a serious interest in exploring this topic, subject to an enrollment limit of 20 students and permission of the instructors. Other interested students may be allowed to attend selected guest-speaker presentations.

Readings

Two paperback books have been ordered through Student Stores for background reading: Swoosh, by J. B. Strasser and Laurie Becklund (Harperbusiness, 1993), and The Four Little Dragons, by Ezra Vogel (Harvard, 1991). All other readings will be kept on reserve on a shelf at the University Center for International Studies, 223 East Franklin Street, from which you may borrow them to make copies for your own use and return them promptly for others.

Expectations

Each student will be responsible for reading assigned readings, and for participating actively in discussion of the readings and of the presentations of guest speakers. In addition, each student will be expected to produce two written products. There will be no quizzes or exams.

The first written assignment will be a research paper providing greater depth on one aspect of the subject of the course, and including a brief annotated bibliography of the most important background materials on that topic. Proposed topics are identified in a separate handout (attached); you will be asked to request your top three preferences no later than January 20, and the faculty will confirm assignments by January 22. Students who wish to propose other topics may do so, but must also request approval from the instructors no later than January 20. Drafts of these papers should be distributed to all members of the seminar on or before the dates identified, corresponding with the dates when we will discuss each topic; final versions are due three weeks later or by May 1, whichever comes earlier.

The second writing assignment will be an identifiable contribution to one of four issue papers to be prepared by subgroups of the participants, identifying options, recommendations, and rationales for action (1) by businesses such as Nike, (2) by universities such as UNC, (3) by students as citizens, consumers and/or activists, and (4) by potential participants in any trip to evaluate overseas production facilities of a manufacturing firm such as Nike. Students will be asked to rank their preferences for participation in these subgroups no later than March 3, and assignments will be confirmed by the instructors on March 5. Draft issue papers will be due from each group to all members of the seminar on April 21, and final versions on April 28.

Our hope is that these papers will also be suitable for sharing with the broader university community and with other interested faculty, students and citizens, probably by posting on a web site for the course. Accordingly, all final papers should be submitted in electronic form as well as paper copies.

COURSE SCHEDULE

1/8 - Introduction

- Self-introductions

- Question 1: What questions does each participant most want this seminar to answer?

Start reading Swoosh

- 1/13 Learning about Nike (discussion)
 - Question 2: Questions for Nike
 -Discussion of corporate documents, annual reports, press accounts

 -Reading assignment: "Nike: Tracks Across the Globe" series by Jeff Manning, The Oregonian, November 9-11, 1997
- 1/15 Nike in its own words
 - Nike guest speakers: Vada Manager, Kit Morris
- 1/20 Production in the textile/sports apparel/sport shoe industry
 Guest lecturer: Professor Brent Smith, North Carolina State University, College of Textiles

 -environmental and human effects, Environmental Protection Agency perspective

 -evolution of technology, materials and production process

 -Reading assignment: Smith, Brent, Best Management Practices for Pollution Prevention in the Textile Industry, Environmental Protection Agency, September 1996
- 1/22 Discussion
- 1/27 History of the industry and labor
 Guest lecturers: Peter Coclanis, Jim Leloudis, UNC Department of History

 -Reading assignment:

 Hall, Jacquelyn, Robert Korstad and James Leloudis, "Cotton Mill People: Work, Community, and Protest in the Textile South, 1880-1940," American Historical Review, vol. 91, no., 2, April 1986, pp. 245-287.

 Lewis, Arthur, "Economic Development with Unlimited Supplies of Labour," Manchester School of Economics and Social Studies, vol. 22, 1954, pp. 139-189.

- 1/29 Working conditions history
 Guest lecturers: Lori Todd, Mike Flynn, UNC Department of Environmental Sciences and Engineering
 What is a "sweatshop"? Discussion
- Reading assignment:
- "History and Philosophy of Industrial Hygiene: Introduction and Background" textbook, pp. 3-20.
- Paustenbach, Dennis, "Occupational Exposure Limits" in Encyclopedia of Occupational Health and Safety, pp. 30.27-30.34
- 2/3 - US vs overseas labor standards
- Guest lecturer: Jeff Ballinger, director Press for Change
- Reading assignment: continue Swoosh
- 2/5 - Marketing - the sports apparel industry from Keds to Nikes: Nick Didow and Ron Hyatt
- the fitness boom
 - college athletics
- Reading assignment: continue Swoosh
- 2/10 - Globalization of Production
- The postwar world as context:
- Guest lecturer: Denis Rondinelli, UNC School of Business
- rise of trans-national corporations and finance
 - post-cold war "victory" of global capitalism and current trends
- Reading assignment:
- "Transnational corporations and employment," World Investment Report 1994, United Nations Conference on Trade and Development, Geneva: United Nations, 1994,

pp.163-213.

Rondinelli, Dennis and Le Ngoc Hung, "Administrative restructuring for economic transformation in Vietnam," *International Review of Administrative Sciences*, vol. 63 (1997), pp. 509-528.

2/12 Gender and culture as key elements of trans-national production
Guest Lecturer: Carla Freeman, Emory University,
Department of Anthropology

Reading assignment:

Freeman, Carla, "Designing Women: Corporate Discipline and Barbados's Off-Shore Pink Collar Sector," *Cultural Anthropology* 8(2):169-186, 1993.

Ong, Aihwa, "The Gender and Labor Politics of Postmodernity," *Annual Review of Anthropology* 1991, 20:279-309.

2/17 Comparisons: sports apparel/shoes vs. other globalizing industry
- Nick Didow

- marketing: production for US vs foreign markets

- finance/services, back office work

Reading assignment: Finish Swoosh

2/19 Discussion

2/24 Asia as Context, Jim Peacock and Carla Jones

Overview of Asian modern political, economic, social history

Reading assignment:

Vogel, Ezra, *The Four Little Dragons*, Harvard University Press 1991

2/26 **Vietnam**

Guest lecturer: Dan Duffy, UNC Department of Anthropology

Reading Assignment:

Thiep, Nguyen Huy, "Remembrance of the Countryside,"

in Vietnam: A Traveler's Literary Companion, ed. Balaban, John and Nguyen Qui Duc, 1996, San Francisco: Whereabouts Press, pp. 153-177.

Kerkvliet, Benedict J. Tria, "Rural Society and State Relations," in Vietnam's Rural Transformation, Institute of Southeast Asian Studies, Westview Press, 1995, pp. 65-96.

Vasavakul, Thaveeporn, "Vietnam, the Changing Models of Legitimation," in Political Legitimacy in Southeast Asia, ed. Alagappa, Muthiah, Palo Alto: Stanford, 1995, pp. 256-287.

3/3 Overview continued:

Guest lecturer: Peter Coclanis

Indonesia

J. Peacock, Carla Jones

Reading assignment:

Wolf, Diane, "Factory Daughters: Gender, State and Industrial Capital" in *Fantasizing the Feminine in Indonesia*, ed. Sears, Laurie J., Durham: Duke, 1996, pp. 140-162.

Bonner, Raymond, "A Reporter At Large, The New Order" (Parts 1 and 2), *New Yorker* articles, June 6 and 13, 1988.

3/5 - **China**

Guest lecturers: Lisa Keister, UNC Department of Sociology, and Karin Ramstad

Reading Assignment:

Kristof, Nicholas and Sheryl Wudunn, "The God of Wealth" and "Blood and Iron" in *China Wakes: The Struggle for the Soul of a Rising Power*, Times Books, 1994, pp.328-390.

- Spring Break

- 3/17 Nike in Asia
- 3/19 Discussion: Andrew Young report "Report on the Nike Code of Conduct" GoodWorks International LLC, & critiques
- Discussion: Dartmouth report: "Nike, Inc.: A Survey of Vietnamese and Indonesian Domestic Expenditure Levels," November 3, 1997. Field Study in International Business, The Amos Tuck School. Calzini, Derek, Jake Odden, Jean Tsia, Shawna Huffman, Steve Tran
- Guest presentation: Scott Mosteller, InterSource
- 3/24 - Guest lecturer: Thuyen Nguyen
- Vietnam Labor Watch
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- Discussion: Ernst and Young report: "Ernst and Young Environmental and Labor Practice Audit of the Tae Kwang Vina Industrial Ltd., Co., Vietnam" 13 January 1997
3/26
- Human Rights and Labor Discussion: conventions for investigations in the context of Indonesia: James Peacock and Carla Jones
- Reading assignment:
- International Declaration on Human Rights, Amnesty International Report "Suharto's Indonesia" and McDougal, Myers, Human Rights and World Public Order, pp. 63-82 and 94-113.
- 3/31, 4/2 - Discussion: Planning a trip: Where would one want to visit?
Whom to speak with?

How to evaluate?

Standards of comparison? Independent viewpoints?
- 4/7 Bringing it home to Chapel Hill: The university and corporate partnerships:

President William Friday
- 4/9 Reading assignment:

1) Knight Foundation Report, 2) UNC-Nike contracts, 3) SACS Institutional Self-Study report, UNC-CH, 1995
Richard Baddour, UNC Athletic Director

- 4/14 Apparel industry, corporate sponsorship and school sports:
 Guest lecturer: Charlie Adams, president, North Carolina High School Athletic Association
- 4/16
- 4/21 Discussion: Summary of key lessons & issues to raise with Nike
- 4/23 Chancellor Michael Hooker
- 4/28 Nike representatives return: Phil Knight, CEO Nike, and Dusty Kidd, director, Nike Labor Practices
 --Presentation by Group 1 to Nike
- 4/30 Last class: final assessment and presentations by groups 2, 3, and 4

CANDIDATE TOPICS FOR RESEARCH PAPERS

Research papers for the seminar will be on assigned topics such as those listed below, in order to provide not just individual value to each student but also, cumulatively, a richer coverage of the background and context of the issues we will be addressing in the seminar than we can all otherwise cover in the assigned readings. The cumulative benefit will also be a far larger body of knowledge about the subject and about key materials available on it than is yet widely available; it will be of great benefit and interest to other students and faculty both at UNC and at other universities as well. Please request your top three preferences no later than January 20, and the faculty will confirm assignments by January 22. Students who wish to propose other topics may do so, but must request approval from the instructors no later than January 20.

The paper should be of reasonable length to cover the key elements/highlights of the topic identified, and should include a brief annotated bibliography of the most important background materials on that topic. It is not expected to be exhaustive, but should make a serious attempt to identify and summarize solid source material, not simply newspaper stories or Internet hearsay.

1/27 Historical development of the U.S. apparel industry, from the Lowell Mills (ca. 1830s) on.

1/27 Historical development of the U.S. shoe industry.

1/29 Historical development of unionization and labor standards as these relate to the shoe and apparel industries in the United States.

1/29 Historical development of occupational safety and health standards as these relate to the shoe and apparel industries in the United States.

2/3 “Sweatshops:” define, in legal and historical terms as well as current discourse, and illustrate differences between contemporary sweatshop/non-sweatshop conditions in U.S. and abroad (especially in shoe and apparel production, but you may consider other industries as well if they offer examples that could be used as good models). Note especially the use of multiple elements in such definitions, and how this multiplicity is resolved in deciding what is and is not a sweatshop.

2/3 Similarities and differences between development of shoe and apparel production for the U.S. market in Asia vs. other countries/regions, such as Haiti, Latin America, or elsewhere (pick one or at most 2-3).

2/5 Historical trends and major issues in the marketing of professional and intercollegiate sports, and trends and issues in the use of sports in the marketing of allied and nonallied products and services.

2/10 Factors driving the recent/current globalization of manufacturing: what is the overall magnitude of this phenomenon, and why is this happening, not just in sports shoes/apparel but far more generally? Is the U.S. economy hollowing out, or experiencing some kind of win-win benefits in which its own economy is improving but its production is also improving the economies of poor countries and their populations?

2/10 Similarities and differences between overseas production of sport shoes/related apparel by companies like Nike, and overseas production of other labor-intensive consumer products for U.S. market, such as (pick one) other shoes or apparel, toys, computers, agriculture, food processing, (others?).

2/24-3/5 Background papers on cultures, economies, production and labor conditions, and recent transformations of any of the countries we are studying, or of other nearby/analogous ones, or even others worldwide where US producers are now operating/subcontracting.

3/24 International principles and standards of human rights: what are they, what official standing do they have, and how are they applicable to shoe and apparel manufacturing?

3/24 International standards for labor practices, and for occupational safety and health (pick one or the other): what are they, what official standing do they have, and how are they applicable to shoe and apparel manufacturing in one or more countries in Asia?

3/24 Business-initiated codes of conduct: what examples exist in addition to Nike's, are there any others proposed or in preparation, are there any in other industries that might provide models for sport shoe/apparel manufacturing?

Compare. Are there any such initiatives among shoe or apparel manufacturers as a group, and if so, how are they faring?

3/26 Direct production versus subcontracting, transnational versus local firms: is there any evidence or examples to show that firms maintain better or worse performance toward labor, occupational safety and health, or other similar issues such as environmental protection, when they are (a) transnational firms operating their own facilities, (b) transnational firms subcontracting with foreign suppliers, or (c) local foreign firms producing similar products directly for U.S. or foreign markets?

3/26 Nike versus its competitors: compare production practices for Nike with those for its competitors, e.g. Reebok, Adidas, Converse, any others you can find information about.

3/31 Methods and procedures for investigating working conditions, human rights etc.: what established procedures, methods, guidelines, checklists etc. exist for inspecting and monitoring labor-intensive production facilities, both in U.S. and overseas? What would one have to do to develop credible findings? What are the most important procedures, things to look for and how to determine them, evidence and basis for verification, specific practical issues as well as broad principles, etc.? What are the most common pitfalls, and safeguards against them? Look for both documentary evidence (procedural guidelines, checklists) and practical experience of groups that have done it successfully and/or unsuccessfully (human rights inspectors? weapons inspectors??).

4/7 Ethical principles: summarize leading theories of ethics that we might seek to apply to business, university, and individual decisions in the global economy (e.g. Bentham's utilitarianism, Kant's moral imperative, Plato's ideals of Truth and Beauty, Rawls' theory of justice, ...)

4/7 Business ethics: what ethical obligations does a business corporation have toward international or universal ethical principles such as human rights? Toward its own differing stakeholder, including owners/shareholders, workers, customers, and the societies in which it (a) is incorporated, (b) makes, and (c) sells its products? By what principles should businesses balance conflicts and tradeoffs among these stakeholders? How do these principles apply to (1) production and (2) marketing (pick one or the other)?

4/7 University ethics: what ethical principles should universities (especially public universities) use to guide their relationships with corporate partners and sponsors, especially those with which there may be a marketing relationship or other business self-interest rather than merely philanthropy? Consider universities' ethical obligations to academic ideals, to state and its taxpayers, to its own faculty, staff, and students, etc., as well as to other worthy benefits which corporate support may enhance (e.g. Title IX women's sports and other non-

revenue athletics, stimulation of athletic donors to support academic needs as well), etc.

4/16 Options for influencing businesses in the global economy: what are other universities, student groups, labor and human-rights activists and others doing to try to influence the behavior of businesses such as sport shoe/apparel manufacturers in the global economy, and with what effects? Which of these look promising for universities and students such as at UNC? Are there any promising initiatives for such organizations acting as a group, such as universities acting through NCAA, or sports marketing/licensing brokers, or through ad hoc alliances such as "Nike universities" as a group?

Nike Seminar Reading List

Bonner, Raymond, "A Reporter At Large, The New Order" (Parts 1 and 2), The New Yorker magazine, June 6 and 13, 1988.

Dartmouth report: "Nike, Inc.: A Survey of Vietnamese and Indonesian Domestic Expenditure Levels," November 3, 1997. Field Study in International Business, The Amos Tuck School. Calzini, Derek, Jake Odden, Jean Tsia, Shawna Huffman, Steve Tran

"Ernst and Young Environmental and Labor Practice Audit of the Tae Kwang Vina Industrial Ltd., Co., Vietnam" 13 January 1997

Hall, Jacquelyn, Robert Korstad and James Leloudis, "Cotton Mill People: Work, Community, and Protest in the Textile South, 1880-1940," American Historical Review, vol. 91, no., 2, April 1986, pp. 245-287.

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"History and Philosophy of Industrial Hygiene: Introduction and Background" textbook, pp. 3-20.

Kerkvliet, Benedict J. Tria, "Rural Society and State Relations," in Vietnam's Rural Transformation, Institute of Southeast Asian Studies, Westview Press, 1995, pp. 65-96.

Knight Foundation Report, 1993

Kristof, Nicholas and Sheryl Wudunn, "The God of Wealth" and "Blood and Iron" in China Wakes: The Struggle for the Soul of a Rising Power, Times Books, 1994, pp.328-390.

Lewis, Arthur, "Economic Development with Unlimited Supplies of Labour," Manchester School of Economics and Social Studies, vol. 22, 1954, pp. 139-189.

- Manning, Jeff, "Nike: Tracks Across the Globe", *The Oregonian*, November 9-11, 1997
- McDougal, Myers, Human Rights and World Public Order, pp. 63-82 and 94-113.
- Ong, Aihwa, "The Gender and Labor Politics of Postmodernity," *Annual Review of Anthropology* 1991, 20:279-309.
- Paustenbach, Dennis, "Occupational Exposure Limits" in Encyclopedia of Occupational Health and Safety, pp. 30.27-30.34
- Rondinelli, Dennis and Le Ngoc Hung, "Administrative restructuring for economic transformation in Vietnam," *International Review of Administrative Sciences*, vol. 63 (1997), pp. 509-528.
- SACS Institutional Self-Study Report on Intercollegiate Athletics (UNC-CH), 1995 (Pfaff, R.)
- Smith, Brent Best Management Practices for Pollution Prevention in the Textile Industry, Environmental Protection Agency, September 1996
- Strasser, J. B. and Laurie Becklund Swoosh, (Harperbusiness, 1993).
- Thiep, Nguyen Huy, "Remembrance of the Countryside," in Vietnam: A Traveler's Literary Companion, ed. Balaban, John and Nguyen Qui Duc, 1996, San Francisco: Whereabouts Press, pp. 153-177.
- "Transnational corporations and employment," World Investment Report 1994, United Nations Conference on Trade and Development, Geneva: United Nations, 1994, pp.163-213.
- Vasavakul, Thaveeporn, "Vietnam, the Changing Models of Legitimation," in Political Legitimacy in Southeast Asia, ed. Alagappa, Muthiah, Palo Alto: Stanford, 1995, pp. 256-287.
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- Young Andrew, "Report on the Nike Code of Conduct" GoodWorks International LLC, & critiques