



ately liberal; and, of course, George Bush, Carlos Salinas, Bill Clinton, and Ernesto Zedillo are all Ivy League graduates.

Knight is too wise to stretch the point too tightly, but his thesis is both novel and convincing. The congruence is not due to mimicry but to similar challenges that the two countries have faced at roughly the same time. Each can afford to be somewhat similar because their differences are both more transparent and profound, and each has developed a grudging respect for those differences and an appreciation of the advantages of integration.

In the post-Cold War world, Mexico has employed a new set of foreign policy tools to address the new challenge of integration. These range from lobbying in Washington to inviting "international visitors" to observe the Mexican elections in 1994. The use of the new tools, Jorge Chabat writes, "marked the beginning of the end of the discourse of 'sovereign democracy'" (p. 43).

In February 1990, President Salinas decided to strengthen the 40 consulates in the United States and establish the Program for Mexican Communities Living in Foreign Countries (PMCLFC) to enhance the Mexican government's capacity to influence the United States. The initiatives did help Mexico learn more about the Mexican-American communities in the United States, but as Rodolfo de la Garza demonstrates in his astute analysis of the PMCLFC, the more compelling lesson was that the interests of Mexico and of Mexican Americans did not coincide on a great many issues. On three out of the four most important immigration issues, the Mexican-American community defined its interests differently from that of Mexico. Carlos Gonzalez Gutierrez confirms that "had it not been for the discriminatory fervor of the initiative's sympathizers, Mexican American voters would have approved Proposition 187 [in California to prevent services for undocumented workers] by an ample margin" (p. 60).

In a well-researched essay, Todd Eisenstadt surveys the spectacular growth of Mexican government expenditures for lobbying in Washington—from less than \$70,000 in 1985 to \$16 million in 1993 (p. 94). Jesus Velasco shows how Mexico also tried to buy influence through its support for key "think tanks" in Washington. Still, both authors believe that congressional votes on NAFTA were influenced more by constituent pressures and the president than by Mexican lobbying, and Eisenstadt documents 19 separate deals that the Clinton administration made with 51 members of Congress to secure their votes.

In a concluding essay aimed at trying to weave the various contributions together, Jorge Dominguez uses three models to explain different levels of the relationship. A state-based model explains the coexistence between the two governments. The most profound changes in the relationship, however, are due to accelerating social integration by immigration and education, and he applies a society-based model for that. Finally, new institutions, like NAFTA, and functional government agencies, like the trade ministries and drug agencies, have assumed greater importance than even the foreign ministries. Dominguez makes a persuasive case that the contemporary relationship can only be fully understood by reference to the three models.

What had been a silent, barely noticeable integration between Mexico and the United States a few decades ago has become loud and momentous. The two countries together with Canada have embarked on an uncharacteristically intimate relationship that involves new costs and vulnerabilities. De la Garza and Velasco have done a great service in assembling a group of such able scholars to explore one new dimension of that relationship—Mexico's increasing efforts to influence the United States.

Some in the United States may be uneasy about the new Mexican activism; that, of course, was Mexico's historical reaction to U.S. activism. But the more both countries understand that the door between them can swing both ways, the better they will be able to benefit from integration and cope with its costs. *Bridging the Border* is a well-written and valuable contribution to understanding the changing phenomenon of U.S.–Mexican relations.

**Power Steering: Global Automakers and the Transformation of Rural Communities.** By Michele M. Hoyman. Lawrence: University Press of Kansas, 1997. 262p. \$35.00 cloth, \$17.75 paper.

**Capital beyond Borders: States and Firms in the Auto Industry, 1960–1994.** By Kenneth P. Thomas. New York: St. Martin's, 1997. 191p. \$55.00.

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Multinational firms are increasingly powerful actors in the world economy, affecting state strategy and economic policy in numerous ways. Their ability to move capital and factories across borders has placed enormous pressure on governments—at all levels—to create ever more attractive "business climates," to provide ever more generous incentive packages, and to engage in costly bidding wars to lure multinational factories inside their borders. Nowhere is this more apparent than the automotive industry, as governments around the world vie to attract new assembly factories in the hope of creating jobs and spurring economic development. Two new books by political scientists tackle important dimensions of this subject.

*Capital beyond Borders*, by Kenneth P. Thomas of the University of Missouri in St. Louis, examines the effects of increased capital mobility in the automotive industry on nation-state behavior over the post-World War II period. Building on themes originally outlined by Charles Kindleberger, Raymond Vernon, and Robert Gilpin, among others, Thomas makes two related arguments: Capital mobility in the automotive industry has increased substantially over time, and this, in turn, has substantially altered the balance of power between multinational firms and nation-states in favor of the former. Thomas contends that the ability to relocate plants around the globe has increased the bargaining power of multinational enterprises vis-à-vis states along several key dimensions: by substantially expanding the locational options available to firms, by enabling them to consider a wider range of possible investment locations (thus eroding the bargaining power of states), and by introducing powerful bidding dynamics into state strategy. Thomas focuses, specifically, on the use of investment incentives by governments and escalating bidding wars among states as evidence that the balance of power in international political-economic affairs has shifted away from states and toward multinational firms.

In developing his argument, Thomas provides a comprehensive synthesis of the broad and diverse literature on this subject—for this alone the book is worthwhile. He then analyzes a variety of statistical evidence on the global activities of leading automotive firms (particularly the American Big Three). The statistical data suggest that at least two of the Big Three have substantially expanded their global production activities since World War II. At both Ford and GM, the percentage of foreign employees (i.e., from outside the United States) has virtually doubled, growing from 30.6% in 1951 to 63.7% in 1990 at Ford, and from 30.3% in 1970 to 52.8% in 1994 at GM. Chrysler, much less global in orienta-

tion, has actually experienced some reduction in the percentage of foreign workers in its work force since the late 1970s.

The heart of the book revolves around a series of case studies of factory location decisions in the United States, Canada, and the United Kingdom, including the Diamond-Star joint venture between Chrysler and Mitsubishi in Illinois and various Big Three plants in Mexico and Canada in the context of NAFTA. These case studies probe the dynamics of corporate location, focusing on how increased corporate locational flexibility places pressure on governments to offer ever larger incentive packages both to lure firms to new places and to retain them in existing locations. The findings suggest a trend toward higher incentive packages. Thomas further argues that capital mobility simultaneously erodes the power of labor unions and workers, resulting in slower wage increases (and in some case in actual wage reductions) and the establishment of more flexible work environments.

*Power Steering*, by Michelle Hoyman, also of the University of Missouri at St. Louis, explores a related dimension of the effects of capital mobility on governments and public policy. She focuses on the long-run influence of major corporate location decisions on the social, economic, fiscal, cultural, and political organization of communities. Hoyman examines four new automotive assembly investments in the United States: GM's Saturn plant in Spring Hill, Tennessee; Nissan in Smyrna, Tennessee; Toyota in Georgetown, Kentucky; and Honda in Marysville, Ohio. These are among the newest, largest, and most advanced automotive assembly complexes in the United States and the world. And each is a greenfield site, located in a small rural community.

While Hoyman describes the incentive packages and bidding strategies that enabled each of these communities to land a major automotive assembly complex, she zeroes in on the effects of these factories on the surrounding community. She contends that instead of looking at plant location as a static, "one-shot" event, it can be more appropriately conceived as a broad and dynamic process of development, starting with the decision to establish a plant and moving through both short- and long-term economic development effects. To do so, she draws upon extensive primary source research, including detailed analyses of community fiscal issues, interviews with government and corporate officials, and analyses of various public opinion polls which gauge changing community sentiments.

Her findings suggest that the multinational production complexes create enormous pressures (as well as benefits) for communities. Considerable burdens are placed on local infrastructure, from roads to water treatment facilities. Revenues do not always rise in synch with soaring service and expenditure needs. World-class factories require world-class education and training infrastructure, creating more pressure for advanced school curricula and state-of-the-art vocational training programs. The neighboring communities and counties are frequently hardest hit, with escalating demands for services but little in the way of new revenue. Furthermore, Hoyman finds a disjuncture between the state government officials who actively organize these investment "deals" and their local government counterparts, who must cope with the costs. She also finds that the new complexes have a powerful effect on a community's politics and political structure, ushering in a leadership change toward progrowth coalitions and further economic development. Still, she concludes that, despite these costs, large multinational automotive assembly complexes tend to garner the support of both local leadership and the citizenry at large.

Both books are welcome and basically solid contributions to the growing debate over investment incentives and the role

of multinational firms in conditioning state behavior. Both are very well argued, and I agree with the central arguments of each. Both, however, suffer from some similar flaws.

The first set of problems is mainly conceptual. Both books pose multinational firms as relatively unconstrained actors, operating with full information and able to move capital and factories around the globe virtually at will. But other research shows that multinational enterprises are constrained by various factors, including their own organizational history and path. For example, it is very hard—and probably impossible—for Volkswagen to abandon its major assembly complex in Germany, even though it can and does produce cars far more efficiently and with far more modern work systems at other locations. Location in the automotive industry is strongly conditioned by markets, as major car makers pursue "build-where-you-sell" strategies. Both books overlook the interesting collective action problems that face both enterprises and states in the era of globalization. Stiff competition and highly imperfect information mean that multinational automotive firms frequently adopt follower strategies in emerging markets, leading to well-documented overcapacity and shaping potentially devastating shakeouts for the not-too-distant future. Due to the focus on the investment strategies of major automotive assembly companies, both books miss the even more interesting globalization of the supply sector, as a group of large international automotive component producers (such as Bosch, TRW, Johnson Controls, and Denso) consolidate their hold on the market, drive out or acquire smaller domestic suppliers, and develop an integrated multinational supply infrastructure from which all major automotive assemblers draw.

Furthermore, both books overlook the potential countervailing strategies of states. The centrality of markets in attracting automotive investments affords substantial power to large states, such as China, to extract concessions from multinational firms in the form of joint ventures with and technology transfer to national enterprises. Simply put, the relationship between multinational enterprise and states is not unidimensional: Indeed, states differ substantially in the degree of leverage they possess in bargaining situations with multinationals. And, surprisingly, both books disregard the potential for states to engage in collective action strategies (as some are already doing) to limit the bargaining power of multinational enterprises, through agreements to confine the use of investment incentives.

The second set of problems involves methods and research design. Both books rely on limited and to some extent biased samples. While the authors establish the plausibility of their arguments (which is very useful and valuable in and of itself), they fail to produce the kinds of evidence required to prove those arguments and hypotheses in ways that are externally valid. *Capital beyond Borders* relies on a very limited sample of case studies drawn from Big Three plants located in just three advanced nations. To really nail down its case, this book would require a broader sample of firms and locations, including Japanese and European automotive companies and locations in continental Europe, Asia, and South America. *Power Steering* depends on a limited sample of four large assembly complexes located in four small, rural communities. A broader sample of complexes of various sizes located in large and small urban and rural communities would be required to substantiate many of its claims.

Still, these are minor quibbles with books that are useful and valuable additions to the growing literature on the effects of globalization on politics, political organization, and public policy in the automotive industry.

When all is said and done, there remains little doubt that

the outward investment activities of multinational enterprises have spurred widespread economic growth and development both in the emerging economies and in formerly "written-off" industrial regions of the United Kingdom and the United States as well. Thus, it should come as little surprise that governments have unflinchingly embraced corporate investment as a core strategy for economic growth and development. For the time being, multinational firms are clearly in the driver's seat, but a backlash may well be waiting in the wings. In any event, it will take time for states to develop the right mix of strategies to cope with increased multinational investment in this newest era of globalization.

**A Paradigm for the New World Order: A Schools of Thought Analysis of American Foreign Policy in the Post-Cold-War Era.** John C. Hulsman. New York: St. Martin's, 1997. 212p. \$65.00.

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John C. Hulsman has written about a very difficult subject—how ideas about the international system help decision makers make sense of their policy choices and how collections of these ideas may play out in bureaucratic politics. In an effort to make these complex, nested links he combines ideas, people, and bureaucracies together into three "schools of thought," each of which begins with first principles as to what helps produce international peace. From the principles, he deduces the policies American decision makers would advance for different issues and regions. He then uses the schools to explain the course of Clinton's policy toward Bosnia through the Dayton Peace Accords.

Unfortunately, the links do not hold, or at least they are unconvincing in the face of the evidence. First, the schools-of-thought concept itself proves definitionally slippery. It is smaller than an ideology because it does not transform individual belief systems into collective belief systems (p. 10). It is somewhat larger than Ole Holsti's notion of a belief system, because the priority setting of an individual belief system goes on at "a higher analytical plane" (p. 10). Second, the underlying principles of the schools seem to need clear domestic "first principles" to match the international ones. Third, while Hulsman says that only elites occupying bureaucratic roles (he includes the Senate here) share and contest over schools of thought, public opinion can nevertheless influence those elites. Last, the schools are so flexible that leaders and policies can readily change in the face of domestic or international events, and thus one wonders what stability they provide.

The three schools of thought Hulsman identifies are democratists, neorealists, and institutionalists. As first principles, Democratists dream of a peaceful world of democracies; neorealists imagine the world in zero-sum or relative gains terms, and institutionalists emphasize absolute gains from trade and interdependence. He summarizes all this as follows. "Shared interests is the catchphrase for institutionalists, just as shared values is a crucial notion for democratists, and national interests is an essential thought underpinning neo-realism" (p. 66). Even though Hulsman says it is crucial to understand first principles, his actual sorting of individuals and policies relies on orientations to European allies and to Russia (and China, though he provides no case evidence). Logically, this should make sense, providing one has the right first principles and can show that they, rather than the immediate logic of events, really do structure the regional policy preferences.

A convincing connection between first principles and re-

gional policy stands, however, is not made. Hulsman places nine individuals into the three schools according to their views on regional issues. He writes of Secretary of Defense William Perry: "His neorealist givens lead to, paradoxically, institutionalist policy outputs" (p. 97). Perry thought Bosnia was not important enough for intervention (as did the neorealists), but he also opposed lifting the embargo, an institutionalist stand. Nor does use of a more abstract bridging concept, like multilateral or unilateral action, help clarify the schools. All three schools prefer multilateral action over unilateral, but they differ in degree. Perhaps if the case material had gone beyond the Bosnia problem—for example, trade issues—it would have been easier to imagine how the nuances in regionalism and multilateralism help explain policy outcomes.

In the end, the schools are so susceptible to changing events that pragmatism seems a more robust concept than schools. It would help the schools concept enormously if Hulsman thought more about pragmatism and compromise. For example, he notes that a change from "passive," "static," and "reactive" institutionalism (he uses these words interchangeably) to a "muscular" institutionalism (p. 169) was caused by three alarms: the massacres at "Srebrenica, European pressure to leave Bosnia and Congressional hostility to the arms embargo" (p. 169). The situation changed, and with it the "institutionalist" interest in sanctions and the U.N. as the way to solve the problem. These events opened opportunities to change policy, to reassert other policy preferences both within the foreign policy establishment and between the United States and the allies and Russia. The schools do not help explain this change, because they say nothing about the openness of the schools to compromise or new information.

Even more problematic is the importance Hulsman gives to domestic factors in shaping the schools; yet, his schools have no domestic logic to them, which causes endless problems in making the tie to bureaucracy and politics. For example, the reason the president can sometimes get his way is because the neorealists (like Dole) believe that the executive should be strong (p. 173). Yet, this key element in explaining outcomes is not discussed as an important part of the neorealist school. The problem of compromise appears again, this time with another branch of government. "With his institutionalist Bosnia policy so unpopular both with the public and the neo-realist Congress [after the 1994 elections], the President was forced to compromise, even during negotiations regarding the [Dayton] treaty, adopting some neo-realist planks in the accord so that the package stood a chance of receiving congressional approval" (p. 179). By this logic, the president might have become a neorealist had the Republicans done even better in the 1994 election. As it was, the margins of electoral victory were too slim in Congress to override presidential vetoes, so this much change was not required of the administration. One needs only the U.S. Constitution to understand this domestic outcome.

Certainly, there are policy differences, and these ebb and flow in daily politics. But are they extensive enough to be called schools? How would we tell? For example, one might use a set of cases to capture more carefully the first principles of the purported schools. These cases would help readers decide whether the schools idea is more useful than simply saying "the president's policy." They would, presumably, increase the number of individuals who matter, thus giving a stronger sense of when personality as opposed to role matters. The cases could be used to tease out differences in orientation to regionalism, multilateralism, compromise, and pragmatism. The cases might also help identify the missing domestic concept the schools require. In the end, one comes