

PSC 238: Business and Politics

This Version: October 4, 2012

Course Description

The focus of this course is the conflict and cooperation between business and government, with an emphasis on U.S. domestic politics. We will cover a broad range of issues affecting the business world, including regulation, lawmaking, the mass media, interest group activism, and crisis management. The course will connect ongoing political debates to theory, and guest speakers will bring their business and political experience to our class. Each meeting will feature a general topic, as well as in-depth analyses of real-world cases related to that topic. What happens when Wal-Mart tries to open a new store in a city with strong unions? Who is opposed to grocery stores selling wine, and why? How did General Motors fight back against a media report critical of its products? Is “corporate social responsibility” actually irresponsible? These are just a few of the questions we’ll answer during the semester, all while developing an understanding of what happens when politics meets economics.

Readings

There is one required textbook for the course: *Business and Its Environment*, 7th ed., by David P. Baron. Two copies of the textbook are on 2-hour reserve in Rush Rhees Library. Additional readings listed at the end of the syllabus are available in the Reserves section of the course Blackboard page; readings added later in the semester will also be placed here. Readings for the Sept. 4 and Sept. 6 classes are also available in the Reserves section of Blackboard for those students who are not able to acquire a textbook immediately.

Course Requirements

- **Exams**
There will be three closed-book exams in the course on October 4, November 6, and December 11. There is no final exam. *Make-up exams are not given—exceptions are rarely granted.*
- **Case, Discussion, and Reading Questions**
You will be asked to analyze a case or answer discussion or reading questions for certain classes. Questions not in the Baron book will be made available in the Assignments section of Blackboard. In order to receive credit, answers should reflect careful thought. Assignments are due in class on the day the case or topic is discussed. *Late assignments will not be accepted.*

Grading

- *Exams* each count toward 30 percent of your grade.
- *Case and Reading Questions* collectively count toward 10 percent of your grade. You are required to turn in 6 assignments to receive full credit for this portion of your grade. If you turn in fewer than 6 assignments, your grade will be reduced proportionally. For instance, if you turn in only 5 assignments, you will receive 8.3 out of 10 points for this portion of your grade.

Teaching Assistants

There is one teaching assistant for this course. The TA is available to answer your questions about course material. The TA is also authorized to address your questions regarding exam and homework grading.

Trung Dang
Harkness Hall 305
Office Hours: Tues. and Thurs. 2-3
tdang@z.rochester.edu

Course Meetings

Note 1: Exam dates are set in stone. I am in the process of finalizing dates for guest speakers, so the timing of some topics may change. I will give you plenty of advance notice for any changes I make to the syllabus, and confirm what material will be covered on each exam.

Note 2: Chapters and page numbers refer to the Baron text unless otherwise noted. Readings will be discussed on the days listed; for instance, the reading for the news media will be covered on September 11.

1. Thursday, August 30: Introduction/Course Overview

2. Tuesday, September 4: Introduction to the Nonmarket Environment

Reading: Chapter 1 (pp. 1-16)

Case: Repeal of the Luxury Tax (pp. 160-161)

3. Thursday, September 6: Integrated Strategy

Reading: Chapter 2 (pp. 30-47)

Case: Amazon.com and the Amazon Tax (pp. 225-229)

HW Due: Discussion questions (Blackboard; do not answers preparation questions at the end of the case)

4. Tuesday, September 11: The News Media

Reading: Chapter 3 (pp. 52-69)

Case: General Motors Like a Rock? (A) (pp. 69-71)

HW Due: Discussion questions (Blackboard; do not answers preparation questions at the end of the case)

5. Thursday, September 13: Private Politics

Reading: Chapter 4 (pp. 74-91)

Case: Shell, Greenpeace, and Brent Spar (pp. 92-95)

6. Tuesday, September 18: Crisis Management

Reading: Chapter 5 (pp. 102-116)

Case: Mattel (pp. 116-120)

HW Due: Discussion questions (Blackboard; do not answers preparation questions at the end of the case)

7. Thursday, September 20: Nonmarket Analysis for Business

Reading: Chapter 6 (pp. 132-140; 149-156)

Case: Business versus Business (pp. 158-160)

8 and 9. Tuesday, Sept. 25 and Thursday, Sept. 27: Nonmarket Strategy Formulation and Implementation

Reading: Chapter 7 (pp. 162-183) and Chapter 8 (pp. 195-213)

Case: Wal-Mart and Its Urban Expansion Strategy (pp. 218-220)

HW Due (September 25): Answer questions 1-4 at the end of the Wal-Mart case

10. Tuesday, Oct. 2: Regulation and Rulemaking

Reading: Chapter 10 (pp. 264-276, skim 277-285)

Case: The FCC Media Ownership Rules (Blackboard)

- 11. Thursday, October 4: Exam 1 (covers classes 2 through 9)**
- 11a. Tuesday, October 9: Fall Break (No Class)**
- 12 and 13. Thursday, October 11 and Tuesday, October 16: Pivotal Politics and Nonmarket Strategy**
Reading: Chapter 7 (pp. 171-172, 174-178); Krehbiel (Blackboard)
Case: Federal Express and Labor Organization (p. 188)
HW Due (October 11): Answer questions 1-4 at the end of the FedEx case
- 14. Thursday, October 18: Antitrust**
Reading: Chapter 9 (pp. 230-238, 250-252; skim 239-249)
Case: The Microsoft Antitrust Case (pp. 257-263)
- 15. Tuesday, October 23: The AT&T and T-Mobile Merger**
Guest Speaker: Seth Bloom, General Counsel, Subcommittee On Antitrust, Competition Policy, and Consumer Rights, U.S. Senate Judiciary Committee
Reading: Reading Packet (Blackboard)
- 16. Thursday, October 25: Guest Speaker (Topic TBA)**
Guest Speaker: Jim Kennedy, Senior Vice President, Strategic Communications, Sony
Reading: TBA
- 17. Tuesday, October 30: Business and the Environment**
Reading: Chapter 12 (pp. 321-348), Chapter 10 (pp. 272-273 on externalities)
Case: Greenhouse Gas Admissions (Blackboard)
- 18. Thursday, November 1: Fuel Economy Standards**
Reading: Review Chapters 7 and 8 (pp. 162-183, 195-213)
Case: Fuel Economy Standards 2007 (Blackboard)
HW Due: Answer questions 1-4 at the end of the Fuel Economy Standards 2007 case
- 19. Tuesday, November 6: Exam 2 (covers classes 10, 12 through 17)**
- 20. Thursday, November 8: Energy Policy**
Guest Speaker: Suedeen Kelly, Partner, Patton Boggs LLP
Reading: TBA
- 21. Tuesday, November 13: Regulatory Uncertainty and Integrated Strategy**
Reading: Fremeth and Richter (Blackboard)
HW Due: Reading questions (Blackboard)
- 22. Thursday, November 15: Why Wegmans Sells Wine in Virginia but Not in NY**
Reading: Wiseman and Ellig (Blackboard)
HW Due: Reading questions (Blackboard)
- 23. Tuesday, November 20: TBA**
- 23a. Thursday, November 22: No Class (Thanksgiving)**

24. Tuesday, November 27: Corporate Social Responsibility

Reading: Chapter 20 (pp. 557-580); Friedman (Blackboard); The Economist (Blackboard)

HW Due: CSR Discussion Questions (Blackboard)

25. Thursday, November 29: Campaign Finance

Reading: TBA

26. Tuesday, December 4: Guest Speaker (Topic TBA)

Guest Speaker: Dawne Hickton, CEO, RTI International Metals

Reading: TBA

27. Thursday, December 6: Course Wrap-Up

28. Tuesday, December 11: Exam 3 (covers classes 18, 20 through 27)

There is no final examination in this course.

Required Readings on Blackboard (These readings, and any readings added after the semester begins, will be made available in the Reserves section of Blackboard.)

Krehbiel, Keith. 1999. "Pivotal Politics: A Refinement of Nonmarket Analysis for Voting Institutions." *Business and Politics* 1:63-81.

Baron, David P. 2010. "The FCC Media Ownership Rules." In *Business and Its Environment*, 6th ed., by David P. Baron. Upper Saddle River, NJ: Prentice Hall, pp. 332-336.

Wasserman, Elizabeth. 2009. "Greenhouse Gas Admissions." *CQ Weekly*, October 19.

Baron, David P. 2010. "Fuel Economy Standards 2007." In *Business and Its Environment*, 6th ed., by David P. Baron. Upper Saddle River, NJ: Prentice Hall, pp. 259-264.

Fremeth, Adam R., and Brian K. Richter. 2011. "Profiting from Environmental Regulatory Uncertainty: Integrated Strategies for Competitive Advantage." *California Management Review* 54(1):145-165.

Wiseman, Alan E., and Jerry Ellig. 2007. "The Politics of Wine: Trade Barriers, Interest Groups, and the Commerce Clause." *Journal of Politics* 69:859-875.

Friedman, Milton. 2008. "The Social Responsibility of Business." In *Creative Capitalism*, ed. Michael Kinsley. New York: Simon & Schuster, 287-297. (Originally appeared in the *New York Times* on Sept. 13, 1970)

The Economist (unsigned). 2008. "The Next Question; Does CSR Work?" January 19, Special Report, pp. 4-5.