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Fall 2013, Tues. and Thurs. 12:30-1:45  
Office Hours: Mon. 1-3 PM, and by appt.  
<http://www.rochester.edu/College/PSC/primo>

## **PSC 238: Business and Politics**

### **This Version: September 3, 2013**

#### **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*, 7<sup>th</sup> ed., by David P. Baron. Two copies of the textbook are on 2-hour reserve in Rush Rhees Library. Additional required readings 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. 3 and Sept. 5 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 3, November 7, and December 12. There is no final exam. *Make-up exams are not given—exceptions are rarely granted.*
- **Analysis Questions**  
For certain classes, indicated by "HW Due" on the syllabus, you will be asked to analyze a case or answer. Questions are 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.
- *Analysis 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 Assistant**

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.

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## Course Meetings

**Note 1:** Exam dates are set in stone and will not change. I will give you plenty of advance notice for any other 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; non-textbook readings are listed by author last name or title (if no author) and are available on Blackboard. Readings will be discussed on the days listed; for instance, the reading for the Private Politics class will be covered on September 12.

**1. Tuesday, September 3: Course Overview/Introduction to the Nonmarket Environment**

**Reading:** Chapter 1 (pp. 1-16)

**2. Thursday, September 5: Integrated Strategy**

**Reading:** Chapter 2 (pp. 30-47)

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

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

**3. Tuesday, September 10: Nonmarket Analysis for Business**

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

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

**4. Thursday, September 12: Private Politics**

**Reading:** Chapter 4 (pp. 74-91)

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

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

**5. Tuesday, September 17: Online Lecture (Blackboard): The News Media**

**NOTE: There will be no in-class lecture today.**

**Reading:** Chapter 3 (pp. 52-69)

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

**6. Thursday, September 19: The News Media (continued)**

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

**7. and 8. Tuesday, Sept. 24 and Thursday, Sept. 26: 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 24):** Answer questions 1-4 at the end of the Wal-Mart case

**9. Tuesday, October 1: Fuel Economy Standards**

**Reading:** Review Chapters 7 and 8 (pp. 162-183, 195-213)

**Case:** Fuel Economy Standards 2007 (Blackboard)

**10. Thursday, October 3: Exam 1 (covers classes 1 through 8)**

**10a. Tuesday, October 8: Fall Break (No Class)**

- 11. Thursday, October 10: Crisis Management**  
**Guest Speaker:** Richard Keil, Senior Adviser for Global Public Affairs, ExxonMobil  
**Reading:** TBA
- 12. and 13. Tuesday, October 15 and Thursday, October 17: Pivotal Politics and Nonmarket Strategy**  
**Reading:** Chapter 7 (pp. 171-172, 174-178); Krehbiel  
**Case:** Federal Express and Labor Organization (p. 188)  
**HW Due (October 15):** Answer questions 1-4 at the end of the FedEx case
- 14. Tuesday, October 22: Regulation and Rulemaking**  
**Reading:** Chapter 10 (pp. 264-276, skim 277-285)  
**Case:** The FCC Media Ownership Rules (Blackboard)
- 15. Thursday, October 24: Antitrust**  
**Reading:** Chapter 9 (pp. 230-238, 244-252; skim 239-243)  
**Case:** The Microsoft Antitrust Case (pp. 257-263)
- 16. Tuesday, October 29: The AT&T and T-Mobile Merger**  
**Guest Speaker:** Seth Bloom, President, Bloom Strategic Counsel, and former General Counsel,  
Subcommittee On Antitrust, Competition Policy, and Consumer Rights, U.S. Senate  
Judiciary Committee  
**Reading:** TBA  
**HW Due:** Analysis Questions
- 17. Thursday, October 31: Environmental Regulation**  
**Reading:** Chapter 12 (pp. 321-348), Chapter 10 (pp. 272-273 on externalities)  
**Case:** Greenhouse Gas Admissions (Blackboard)
- 18. Tuesday, November 5: Regulatory Uncertainty and Integrated Strategy**  
**Reading:** Fremeth and Richter  
**HW Due:** Analysis questions
- 19. Thursday, November 7: Exam 2 (covers classes 9, 11 through 17)**
- 20. Tuesday, November 12: The Kodak Bankruptcy**  
**Guest Speaker:** Joel Seligman, President, University of Rochester  
**Reading:** TBA
- 21. Thursday, November 14: Why Wegmans Sells Wine in Virginia but Not in NY**  
**Reading:** Wiseman and Ellig  
**HW Due:** Analysis questions
- 22. Tuesday, November 19: TBA**
- 23. Thursday, November 21: Corporate Social Responsibility**  
**Reading:** Chapter 20 (pp. 557-580); Friedman; Additional Reading TBA  
**HW Due:** Analysis Questions
- 24. Tuesday, November 26: TBA**
- 24a.: Thursday, November 28: No Class (Thanksgiving)**

- 25. Tuesday, December 3: Guest Speaker (Topic TBA)
- 26. Thursday, December 5: TBA
- 27. Tuesday, December 10: Course Wrap-Up
- 28. Thursday, December 12: *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.)**

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

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.

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)