

Professor David Primo  
Harkness Hall 318  
david.primo@rochester.edu

Fall 2009, Tues. and Thurs. 11:05-12:20  
Office Hours: Mon. 9:30-11:30, and by appt.  
<http://www.rochester.edu/College/PSC/primo>

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

### **This Version: November 12, 2009**

#### **Course Description**

In this course we will use the tools of political science and economics to study how corporations affect and are affected by politics. Each meeting will feature a general topic as well as in-depth analysis of cases related to that topic. We will cover a broad range of issues affecting the business world, including regulation, lawmaking, the mass media, interest group mobilization, and corporate social responsibility. Cases will be drawn from areas such as antitrust, telecommunications, the environment, and transportation. Course meetings will generally begin with a lecture followed by extensive class discussion.

#### **Readings**

There is one required textbook for the course: *Business and Its Environment*, 6<sup>th</sup> ed., by David P. Baron. Additional readings are listed at the end of the syllabus and are available on E-reserves in Blackboard; readings added later in the semester will be placed in the Course Materials section of Blackboard. Chapters 1 and 2 of the book have been placed on E-reserves in Blackboard for those students who are not able to acquire a textbook immediately. The textbook has been placed on 2-hour reserve in Rush Rhees Library.

#### **Course Requirements**

- **Exams**  
There will be three closed-book exams in the course on October 6, November 10, and December 10. There is no final exam. *Make-up exams are not given—no exceptions.*
- **Case and Reading Analyses**  
You will be asked to answer the questions or perform another type of analysis following several of the cases. Homework questions not in the Baron book will be made available in the Course Materials section of Blackboard. 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 Analyses* collectively count toward 10 percent of your grade. While I strongly encourage you to do all assignments, only the highest six grades on these analyses will be used in calculating your grade.

#### **Blackboard**

I use Blackboard to send out announcements and post readings and other course materials. You can access Blackboard at <http://my.rochester.edu>.

#### **Teaching Assistants**

There are two teaching assistants for this course. The TAs are available to answer your questions about course material. The TAs are also authorized to address your questions regarding exam and homework grading.

Jonathan Klingler  
Harkness Hall 309  
[jonathanklingler84@gmail.com](mailto:jonathanklingler84@gmail.com)  
Office Hours: Tues. 3:30-4:30

Lukas Pfaff  
Harkness Hall 315A  
[lpfaff2@mail.rochester.edu](mailto:lpfaff2@mail.rochester.edu)  
Office Hours: Thurs. 12:30-1:30

## Course Meetings

**Note 1:** Exam dates are set in stone. I am in the process of lining up an additional guest speaker for the course; to the extent that I am successful, some topics/dates may change later in the semester. 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 for which they are assigned; for example, the Exclusive Resorts case will be discussed on September 10.

**Note 3:** Additional homework assignments and readings will be placed on Blackboard as scheduling regarding guest speakers is finalized.

### 1. Tuesday, September 1: Introduction/Course Overview

#### 1a. Thursday, September 3: No Class

### 2. Tuesday, September 8: Introduction to the Nonmarket Environment

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

**Case:** MTBE (E-reserves)

### 3. Thursday, September 10: Integrated Strategy

**Reading:** Chapter 2 (pp. 33-53)

**Case:** Exclusive Resorts (pp. 54-57)

**HW Due:** Answer questions 1-5 at the end of the Exclusive Resorts case

### 4. Tuesday, September 15: The News Media as an Agenda Setter

**Reading:** Chapter 3 (pp. 66-85)

**Case:** General Motors Like a Rock (A)? (pp. 86-88)

**HW Due:** Discussion questions (Blackboard)

### 5. Thursday, September 17: Activists and Policy Change

**Reading:** Chapter 4 (pp. 90-108)

**Case:** Shell, Greenpeace, and Brent Spar (pp. 109-112)

### 6. Tuesday, September 22: Crisis Management

**Reading:** Chapter 5 (pp. 120-134)

**Case:** Mattel (pp. 136-140)

**HW Due:** Discussion questions (Blackboard)

### 7. Thursday, September 24: Nonmarket Analysis for Business

**Reading:** Chapter 6 (pp. 153-162; 173-180)

**Case:** Scrubbers and Environmental Politics (pp. 183-184)

### 8 and 9. Tuesday, September 29 and Thursday, October 1:

#### Nonmarket Strategy Formulation and Implementation

**Reading:** Chapter 7 (pp. 185-207) and Chapter 8 (pp. 220-241)

**Case:** Wal-Mart and Its Urban Expansion Strategy (pp. 217-219)

**HW Due (September 29):** Answer questions 1-4 at the end of the Wal-Mart case

- 10. Tuesday, October 6: Exam 1 (covers classes 1-9)**
- 11. Thursday, October 8: The Airline Industry**  
**Guest Speaker:** Michael Durham, a graduate of the University of Rochester, is a former CFO of American Airlines and former CEO of Sabre, an information technology services provider for the travel industry. Mr. Durham currently serves on the boards of several public and private companies, including Acxiom, Asbury Automotive, and Hertz, and consults in the aviation and technology industries.  
**Reading:** TBA
- 12 and 13. Tuesday, October 13 and Thursday, October 15: Positive Political Theory and Strategy**  
**Reading:** Chapter 7 (pp. 195, 199-202); Krehbiel (E-reserves)  
**Case:** Federal Express and Labor Organization (pp. 212-213)  
**HW Due (October 13):** Answer questions 1-4 at the end of the FedEx case
- 14. Tuesday, October 20: Nonmarket Strategy Implementation II**  
**Reading:** Review Chapters 7 and 8 (pp. 185-207 and 220-241)  
**Case:** Fuel Economy Standards 2007 (pp. 259-263)  
**HW Due:** Answer questions 1-4 at the end of the Fuel Economy Standards 2007 case
- 15. Thursday, October 22: Corporate Power in Politics**  
**Reading:** Smith, ch. 2 (Blackboard); review Baron text, pp. 186-189, 227-231  
**HW Due:** Reading questions (Blackboard)
- 16. Tuesday, October 27: Regulation and Rulemaking**  
**Reading:** Chapter 10 (pp. 302-310, skim 311-325)  
**Case:** The FCC Media Ownership Rules (pp. 332-336)
- 17. Thursday, October 29: The Elephant in the Room**  
**Guest Speaker:** Scott Birnbaum, a graduate of the University of Rochester, is the founder, President, and Senior Managing Director of Ameritrust Capital Group, a private equity firm. He leads ACG's efforts to identify, buy, and build businesses in a variety of industries. Mr. Birnbaum also serves on several corporate boards. Prior to founding ACG, he held positions at Mercer Management Consulting, KPMG, and Citibank.  
**Reading:** TBA
- 18. Tuesday, November 3: Antitrust**  
**Reading:** Chapter 9 (pp. 265-274, 287-288; skim 275-286)  
**Case:** The Microsoft Antitrust Case (pp. 294-301)
- 19. Thursday, November 5: Business and Environmental Protection**  
**Reading:** Chapter 11 (pp. 337-359, skim 360-365), Chapter 10 (pp. 312 on externalities)  
**Case:** "Cap and Trade" Politics (Reading TBA)
- 20. Tuesday, November 10: Exam 2 (covers classes 11-18)**

- 21. Thursday, November 12: Getting Your Message Out—The Fundamental Tension Among Corporations, Candidates, Campaigns, and the News Media They Work With**  
**Guest Speaker:** Dick Keil, a graduate of the University of Rochester, is a member of Public Strategies' media relations practice group. Before joining Public Strategies, Mr. Keil served as chief White House correspondent for Bloomberg News. During his time at Bloomberg, he also covered the presidential elections of 2000 and 2004, the U.S. Senate, congressional lobbying, and the 1997 global tobacco settlement.  
**Reading:** Selections from various texts (Blackboard)  
**HW Due:** Discussion Questions (Blackboard)
- 22. Tuesday, November 17: The Pharmaceutical Industry**  
**Reading:** Pharma 2020 Report, pp. 1-25 (Blackboard)  
Recapturing the Vision, all (Blackboard)
- 23. Thursday, November 19: Tobacco Politics**  
**Reading:** Givel and Glantz (Blackboard)
- 24. Tuesday, November 24: Wine Politics**  
**Reading:** Wiseman and Ellig (Blackboard)  
**HW Due:** Reading Questions (Blackboard)
- 24a. Thursday, November 26: No Class (Thanksgiving)**
- 25. Tuesday, December 1: Corporate Social Responsibility**  
**Reading:** Chapter 18 (pp. 619-641); Friedman (Blackboard); Economist (Blackboard)  
**HW Due:** CSR Discussion Questions (Blackboard)TBA
- 26. Thursday, December 3: Financial Services Regulation**  
**Guest Speaker:** Joel Seligman, President, University of Rochester, is an expert in securities law and on the history of the Securities and Exchange Commission (SEC). President Seligman currently serves on the Board of Governors of the Financial Industry Regulatory Authority (FINRA). He has testified before Congress on accounting reform and, most recently, on financial services regulation.  
**Reading:** Seligman Testimony and recent news stories on current reforms (to be posted to Blackboard)
- 27. Tuesday, December 8: Corporate Social Responsibility (continued) and Course Wrap-Up**
- 28. Thursday, December 10: Exam 3 (covers classes 19, 21-27)**

There is no final examination in this course.

**Required Readings (These readings are available through Blackboard under E-reserves; additional required readings added after the start of the semester can be found in the Course Materials section of Blackboard.)**

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

Smith, Mark A. 2000. *American Business and Political Power*. Chicago: University of Chicago Press, ch. 2.

PricewaterhouseCoopers. Pharma 2020 Report.

PricewaterhouseCoopers. Recapturing the Vision Report.

Givel, Michael S., and Stanton A. Glantz. 2001. "Tobacco Lobby Political Influence on US State Legislatures in the 1990s." *Tobacco Control* 10:124-134.

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.