

PS 1283: Business, Politics, and Public Policy

Professor Woon
Fall 2007

Class Meetings

Mondays and Wednesdays, 3:00-4:15 pm
12B Chevron Science Center

Contact Information

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Course Page

<http://www.pitt.edu/~woon/courses/PS1283.html>

Office Hours

Thursdays, 10:00-11:00 am
or by appointment

This course examines the various intersections of business, politics, and public policy. The environment of business is composed of related market and nonmarket components. The nonmarket environment is characterized by social, political, and legal arrangements that structure activities of corporations outside of markets. Factors such as consumer boycotts, legislation, regulations, judicial decisions, and trade policy can have crucial consequences for firms' market performance. Similarly, the market activities of firms often give rise to issues that involve governments and the public. For example, the design and manufacture of products may entail public policy concerns about safety and the environment, while the business strategies of some firms may raise questions about the government's role in the protection of intellectual property or privacy.

LEARNING OBJECTIVES

The emphasis of the course will be on gaining the analytical frameworks and breadth of perspective to think critically and carefully about business interactions with civil society and governments. This entails three learning objectives:

1. Building a factual knowledge base about business and its nonmarket environment.
2. Explaining the behavior and the consequences of actions of non-market actors (i.e. businesses, interest groups, politicians, the public) using theories and conceptual frameworks drawn from the social sciences.
3. Applying theories, frameworks, and critical thinking skills to formulating and analyzing business and interest group strategy.

PREREQUISITES

The prerequisites are introductory courses in American government (PS 200) and microeconomics (ECON 100 or ECON 800).

COURSE READINGS

The text for this course is *Business and its Environment*, (5th edition, Prentice-Hall, 2006) by David P. Baron. **You must use the 5th edition of the book, since prior editions do not have the necessary cases and materials.** I realize that the book is a bit expensive, but it is the only one available with the content that we need. An e-textbook version is available from www.CourseSmart.com for about half the price of the printed version. Supplemental readings and material will be distributed or posted on the course web page when necessary (<http://www.pitt.edu/~woon/courses/PS1283.html>).

REQUIREMENTS AND GRADING

Class Participation: 10%

Most class sessions will consist of a mix of lecture and case discussion. The purpose of the lectures is to present the key points and clarify the material in the textbook so that all students have a working knowledge of the facts and concepts relevant to the session topic. *Lectures are not substitutes for doing the readings.* You will absorb and comprehend the material much better if you *do the readings first* and come to class *prepared*. In case discussions, we will practice how to apply the theoretical frameworks in order to evaluate, predict, and suggest courses of action in managerial situations. Occasionally we will engage in debates, simulations, or other in-class activities to facilitate your learning.

I expect that you will:

1. Prepare for class by reading the text and case material, making note of anything that you find unclear. Thinking through the preparation questions at the end of the assigned case (especially the ones suggested in the course outline) is *highly recommended*.
2. Participate in the case discussion by making comments and posing questions that are thoughtful and helpful to the rest of the class. You are encouraged to ask questions, especially when something in a lecture is unclear or confusing—chances are that if it is confusing to you, it will be to others as well.
3. Behave maturely and professionally. Our time in class is limited and is for the educational benefit of you and your peers. Please be courteous and act

professionally in class. This includes showing up on time, keeping cell phones off, not chatting with your neighbors, not reading the paper, not leaving early, etc.

Finally, it is much more important for you to actively participate in class discussions than to make very few but brilliant and never incorrect remarks. Mistakes are OK! They are fundamental to the learning process, so speak up! It follows that if you are always passive and if by the end of the semester I have no idea who you are, you will not have earned a very good participation grade.

Quizzes: 10%

There will be six unannounced quizzes based on the preparation questions listed in the course schedule below. The purpose of the quizzes is to provide an extra incentive for you to come to class prepared. Each quiz will be worth five points (you will automatically get two points for just showing up and turning a quiz in), and I will drop your two lowest quiz grades.

If you want a form of insurance against a poor quiz grade, you may turn in typed answers to ALL of the day's case preparation questions along with your quiz. If you exercise this option, you will guarantee yourself *at least* four points on the quiz. (If there is no quiz, I will not collect answers to the preparation questions.)

Midterm Exams: 40%

There will be two in-class exams which assess your comprehension of the conceptual frameworks developed in class (rather than the facts and details of particular cases). The exams will consist of both short answer questions and a brief case analysis. The higher of your two exam grades is worth 25% of your total grade and the lower exam grade will be worth 15%.

Final Paper and Presentation: 40%

Your achievements in this course will culminate in the production of a final project consisting of a group presentation and an individual paper. The essence of your final project is to research a business nonmarket situation and to analyze it using the theories and frameworks learned during the semester. Group presentations are 15% of your total grade and will involve presenting the facts of the case and a general analysis. For your individual papers, which are 25% of your total grade, you will write a strategy memo from the perspective of a business, interest group, or government official. More details, including topic and group assignments will be given later in the term. Your presentations will be given during the last two weeks of the semester and your final papers are due on the last day of the semester (Friday, December 7).

ACADEMIC INTEGRITY

Plagiarism and cheating are not tolerated. Students are expected to be familiar with the University's standards of student conduct (www.as.pitt.edu/faculty/policy/integrity.html). Violations will result in failing the course. *If you have any questions about what is allowed and what is not allowed, do not hesitate to ask the instructor. Ignorance is not a valid defense.*

DISABILITIES

If you have a disability for which you are or may be requesting an accommodation, please let me know and contact Disability Resources and Services, 216 William Pitt Union (412) 648-7890/(412) 383-7355 (TTY) as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

COURSE OUTLINE

All readings are required unless explicitly labeled “recommended” or “optional.” Answering the preparation questions will prepare you for class discussion—and the occasional in-class quiz.

M, AUG 28 COURSE INTRODUCTION

W, AUG 30 THE NONMARKET ENVIRONMENT OF BUSINESS

Reading: Chapter 1 (pp. 1-14)
Case: The Nonmarket Environment of McDonald's (pp. 25-30)

M, SEP 3 **LABOR DAY, NO CLASS!**

W, SEP 5 PROFIT MAXIMIZATION OR SOCIAL RESPONSIBILITY?

Readings: Friedman, 1970
 Mackey, 2005
Recommended: Friedman/Rogers/Mackey, 2005
Optional: Chapter 18 (pp. 657-668)

M, SEP 10 INTEGRATED STRATEGY

Readings: Chapter 1 (pp. 15-16), Chapter 2 (pp. 31-37, 47-51)

Case: Personal Watercraft, aka Jet Skis (pp. 63-65)
Questions: 2 and 4

W, SEP 12

THE NEWS MEDIA

Reading: Chapter 3 (pp. 66-78, 83-88)
Case: General Motors, Like a Rock (A)? (pp. 91-93)
Questions: 3 and 4

M, SEP 17

ACTIVISTS AND PRIVATE POLITICS I

Reading: Chapter 4 (all)
Case: Shell, Greenpeace, and Brent Spar (pp. 115-119)
Question: 4

W, SEP 19

ACTIVISTS AND PRIVATE POLITICS II

Background: Strategic Activism: The Rainforest Action Network
(pp. 123-130)
Case: Anatomy of a Corporate Campaign: Rainforest
Action Network and Citigroup (pp. 131-134)
Question: 4 (p. 134)

M, SEP 24

INTEREST GROUPS AND POLITICAL COMPETITION

Reading: Chapter 5 (pp. 135-143), Chapter 6 (pp. 170-180)
Recommended: Chapter 6 (pp. 181-191)
Case: Tobacco Politics (pp. 192-194)
Questions: 1 and 2

W, SEP 26

CONGRESSIONAL POLICY-MAKING

Reading: Chapter 5 (pp. 144-157)
Case: UPS and Multi-Employer Pension Plans (pp. 167-
169)
Questions: 1 and 3

M, OCT 1

POLITICAL STRATEGY I

Reading: Chapter 7 (all)
Case: Federal Express and Labor Organization (pp. 223-
224)
Questions: 3 and 4

W, OCT 3	<u>POLITICAL STRATEGY II</u>
	Cases: Internet Taxation (pp. 264-270) Wal-Mart and Its Urban Expansion Strategy (pp. 226-229)
	Questions: #3 for each case
M, OCT 8	CATCH-UP/REVIEW SESSION
W, OCT 10	EXAM 1
M, OCT 15	<u>INTERNATIONAL TRADE</u>
	Reading: Chapter 17 (all)
	Case: Cemex and Antidumping (pp. 623-629)
	Questions: 1 and 3
W, OCT 17	<u>THE EUROPEAN UNION</u>
	Reading: Chapter 15 (all)
	Case: Aldeasa (pp. 557-563)
	Questions: 2 and 3
M, OCT 22	<u>REGULATION AND BUREAUCRACY</u>
	Reading: Chapter 10 (pp. 323-341)
W, OCT 24	<u>ENVIRONMENTAL PROTECTION</u>
	Reading: Chapter 11 (pp. 362-374)
	Cases: The European Union Carbon Tax (pp. 551-554) Scrubbers and Environmental Politics (pp. 194-195)
	Questions: EU Economics #1 and Scrubbers #1
M, OCT 29	<u>COMMON LAW AND PRODUCT LIABILITY</u>
	Reading: Chapter 12 (pp. 401-403, 415-432)
	Case: Obesity and McLawsuits (pp. 443-447)
	Questions: 2 and 3
W, OCT 31	<u>INTELLECTUAL PROPERTY I</u>
	Reading: Chapter 12 (pp. 403-411), Chapter 13 (pp. 448-453)
	Case: eBay and Database Protection (pp. 437-443)
	Questions: 1 and 3

M, Nov 5

INTELLECTUAL PROPERTY II

Reading: Stim, *Getting Permission*, Chapter 9
Lessig, 2006

W, Nov 7

INTERNET PRIVACY

Reading: Chapter 13 (pp. 453-458)
Cases: Doubleclick and Internet Privacy (pp. 464-470)
Google: Gmail and Privacy (pp. 477-480)
Questions: DoubleClick #6 and Google #1

M, Nov 12

REVIEW SESSION

W, Nov 14

EXAM 2

**M, Nov 19 TO
W, Dec 5**

FINAL PRESENTATIONS