

POP88294 Business and Politics

Hilary Term 2024

Instructor: Dr. Jiwon Baik

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Meeting Time/Place: Mondays 15:00-17:00

Office Hours: By appointment

Course Description:

This course explores various perspectives on the relationship between business and politics, including political science and power dynamics, comparative political economy and interest group politics, the growing role of public-private governance, and effects of globalization. In particular, we will focus on how firms not only react to their political economic environment (both domestic and international), but also shape them. Throughout this course, we will look at both historical and contemporary examples of firms impacting politics and the various economic institutions that allow them to do so. In this vein, we will engage in critical readings of classical political economy texts coupled with more recent analyses. Through case studies, discussions, and research projects, students will develop a comprehensive understanding of the dynamic relationships that exist at the intersection of the business and political spheres.

Assessment: Your course grade is composed of the following:

Participation: 20%

Response Papers (2): 40%

Final Paper: 40%

This course relies on vigorous (and rigorous) discussion and debate during our seminar meeting times. It is very important that you have mastered the readings *before* we meet. Students will also select two weeks to write response papers. During those weeks, these students will more actively lead discussions by raising key questions prompted by the readings. Response papers should be submitted to me by 9 PM the day before class. Students are also required to submit a final paper. This final paper will critically engage with key

concepts and ideas introduced in class by thoroughly analyzing real-world cases. In the last week of class, students will present on their final project.

Class Participation

What constitutes “class participation” is often a murky subject for both instructors and students. I believe that there are many ways to participate actively in and outside the classroom. The key point here is that active participation will greatly improve your learning experience in the course. Here are a few guidelines for how to successfully contribute to discussions in class:

1. Question the readings (and myself): Question the logic of argumentation, the findings, and the approach of the authors. Are they contradicting themselves? Have they provided enough evidence to convince you?
2. Clarify student comments: Help your classmates! Listen actively to members of this course. Sometimes you’ll hear someone struggle to get to an answer, or a really interesting point might be buried in a comment.
3. Linking ideas and comments: Draw connections between student comments or different readings. Show that comments/discussion seems to be pointing to a particular pattern, or line of argumentation.
4. Start a debate: When students are able to do this, I’ve struck gold! Take a position and invite your classmates to challenge you. Dare to play devil’s advocate.

I know speaking up in class can be difficult. Over time you’ll get better and better. Learning how to speak clearly, concisely, and persuasively is an important skill to pick up in college.

Be respectful and kind to one another. You should feel like this classroom is a safe space to explore new ideas and concepts. Avoid interruptions, confrontational behavior, and sarcastic asides. You can disagree with one another without being mean-spirited. If we commit to being self-disciplined and fostering goodwill, we can expect an excellent semester together!

Response Papers (approximately 1000 words)

A response paper is a short essay where you “respond” to a set of readings on a particular topic. This response is a thoughtful critique, where you evaluate the material's strengths, weaknesses, and implications. This might include agreeing or disagreeing with the author(s)

and supporting your viewpoint with solid reasoning. You may also show how these authors speak to the same topic. Overall, the purpose of the response paper is not necessarily to summarize the material but to demonstrate your ability to think critically and engage with the ideas presented in a meaningful way.

Must submit first response paper on Week 2

Final Paper (approximately 10 pages)

Select a business (either contemporary or historical) and conduct a structured case study analyzing its interactions with external factors, such as government, society, and the regulatory environment. Begin by investigating the political, economic, and social context in which the enterprise operates, examining regulatory, geopolitical, or domestic political challenges it faces. Assess how the enterprise's actions are influenced by, or influence, political actors and systems.

Focus on the political ramifications of the enterprise's actions, policies, or strategies, analyzing their impact on political outcomes. Consider whether the enterprise influences public policy, engages in lobbying or government connections, participates in political campaigns or advocacy, or faces political backlash or controversies. Evaluate how these political dynamics shape the enterprise's operations, decisions, and success.

Provide background on the enterprise's history, industry, and key stakeholders, and focus on a specific issue, such as policy challenges, trade disputes, or societal impacts. Critically assess the ethical, social, and political implications of its actions, considering both the enterprise's goals and its broader societal impact. Apply course theories to interpret these interactions and provide a nuanced analysis of the enterprise's role within its external environment.

Due end of Week 6.

Course Schedule:

* **N.B. I reserve the right to change readings as we move through this course.**

Week 1: Institutions and Business

Do institutions matter for economic development? Where does business fall within this debate?

- Douglass C. North, "Institutions," *Journal of Economic Perspectives*, Vol. 5, No. 1 (1991), pp. 97-112.
- Avner Greif, "Institutions and International Trade: Lessons from the Commercial Revolution," *The American Economic Review*, Vol. 82, No. 2 (1992), pp. 128-133.
- Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press (2001), Chapter 1.
- Margaret Pearson, "The Business of Governing Business in China: Institutions and Norms of the Emerging Regulatory State," *World Politics*, Vol. 57, No. 2 (2005), pp. 296-322.

[Recommended]

- Chris Freeman, "The 'National System of Innovation' in Historical Perspective," *Cambridge Journal of Economics* 19, no. 1 (February 1, 1995): 5-24.
- Dan Breznitz, *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland*, New Haven: Yale University Press (2007)
- William Lazonick, "Innovative Business Models and Varieties of Capitalism: Financialization of the U.S. Corporation," *Business History Review*, Vol. 84, No. 4 (2010), pp. 675-702.
- Darius Ornston, "Creative Corporatism: The Politics of High-Technology Competition in Nordic Europe," *Comparative Political Studies*, Vol. 46, No. 6 (2013), pp. 702-729.

Week 2: Capitalism(s) and Business

How do historical and institutional contexts shape business development and economic systems? How does the interplay between structure and agency influence economic and business outcomes?

- Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Boston: Beacon Press (1944). *Selections*

- Alexander Gerschenkron, *Economic Backwardness in Historical Perspective: A Book of Essays*, Cambridge, MA: Belknap Press of Harvard University Press (1962). *Selections*
- Alfred D. Chandler Jr., *The Visible Hand: The Managerial Revolution in American Business*, Cambridge, MA: Harvard University Press (1977). *Selections*
- Benjamin Braun, "Exit, Control, and Politics: Structural Power and Corporate Governance under Asset Manager Capitalism," *Politics & Society*, Vol. 50, No. 4 (2022), pp. 630–654.
- *Paper Topic check-in with instructor*

[Recommended]

- Nelson Lichtenstein, *The Retail Revolution: How Wal-Mart Created a Brave New World of Business* (Picador, 2010).
- K. Sabeel Rahman and Kathleen Thelen. "The Rise of the Platform Business Model and the Transformation of Twenty-First-Century Capitalism." *Politics & Society* 47, no. 2 (June 1,2019): 177–204.

Week 3: Business in Politics 1: Domestic Realm

Are political connections beneficial to firms and society? What is the political influence of firms and how does this shape their interactions with the state? Are corporations as influential as government?

- *Read one* of these two news articles
 - Bezos Buys Washington Post for \$250 Million, *Wall Street Journal*.
 - 2 Days, 10 Hours, 600 Questions: What Happened When Mark Zuckerberg Went to Washington. *New York Times*.
- Luigi Zingales, "Towards a Political Theory of the Firm," *Journal of Economic Perspectives*, Vol. 31, No. 3 (2017), pp. 113-130.
- Mara Faccio, "Politically Connected Firms," *American Economic Review*, Vol. 96, No. 1 (2006), pp. 369-386.
- Xiaojun Li, "Firms as Revenue Safety Net: Political Connections and Returns to the Chinese State," *Journal of Politics*, Vol. 82, No. 3 (2020), pp. 792-807.

- Yue Hou, *The Private Sector in Public Office*, Cambridge: Cambridge University Press (2019), Chapters 1 and 4.
- Meg Rithmire, *Precarious Ties: Business and the State in Authoritarian Asia*, Cambridge: Cambridge University Press (2023), Introduction

[Recommended]

- Meg Rithmire, *Precarious Ties: Business and the State in Authoritarian Asia*, Cambridge: Cambridge University Press (2023), Introduction
- Simon Weschle, *Money in Politics: Self-Enrichment, Campaign Spending, and Golden Parachutes*, Cambridge: Cambridge University Press (2022), Chapter 1.
- Scott Gehlbach, Konstantin Sonin, and Ekaterina Zhuravskaya, "Businessman Candidates," *American Journal of Political Science*, Vol. 54, No. 3 (2010), pp. 718-736.
- David Szakonyi, "Businesspeople in Elected Office: Identifying Private Benefits from Firm-Level Returns," *American Political Science Review*, Vol. 112, No. 2 (2018), pp. 322-338.
- Mary J. Culnan, Patrick J. McHugh, and Jesus I. Zubillaga, "How Large US Companies Can Use Twitter and Other Social Media to Gain Business Value," *MIS Quarterly Executive*, Vol. 9, No. 4 (2010).

Week 4: Business in Politics 2: Global Realm

How do states balance local political and economic priorities with the demands of global competition in industries like semiconductors and electric vehicles? How is the rise of digital powers and the "technopolar moment" reshaping traditional state-business relations and the global economic order?

- Tesla Strikes Deal With Shanghai to Build Factory in China, Wall Street Journal.
- Xiao Ma, "Partnering with the State: Historical Legacies, the Local State Sector, and Foreign Direct Investment in China," *Studies in Comparative International Development*, Vol. 56, No. 2 (2021), pp. 167-196.
- Chad P Bown, "How the United States marched the semiconductor industry into its trade war with China," Working Paper 20-16, Peterson Institute for International Economics, December 2020,
<https://www.piie.com/sites/default/files/documents/wp20-16.pdf>

- Jonas Meckling and Jonas Nahm, "When Do States Disrupt Industries? Electric Cars and the Politics of Innovation," *Review of International Political Economy*, Vol. 25, No. 4 (July 2018), pp. 505-529.
- Ian Bremmer, "The Technopolar Moment: How Digital Powers Will Reshape the Global Order," *Foreign Affairs*, Vol. 100, No. 6 (2021), pp. 112-128.
- Lizhi Liu, "The Rise of Data Politics: Digital China and the World," *Studies in Comparative International Development*, Vol. 56, No. 1 (2021), pp. 45-67.

[Recommended]

- AnnaLee Saxenian, *The New Argonauts: Regional Advantage in a Global Economy*, Cambridge, MA: Harvard University Press (2006), Introduction, Chapters 1 and 3.
- Sonal Pandya and David Leblang, "Risky Business: Institutions vs. Social Networks in FDI," *Economics & Politics*, Vol. 29, No. 2 (2017), pp. 91-117.

Week 5:

- Presentations and discussions