

**The Ohio State University  
Department of Political Science**

**Political Science 511H:  
Political Strategy, Public Policy, and the Private Sector**

**Autumn 2005 (Tuesdays and Thursdays: 1:30 p.m. – 3:18 p.m., HN 0105).**

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*Political Strategy, Public Policy, and the Private Sector* is an honors course designed for students with an interest in political science, economics, management, or public policy, although students in a variety of fields may find the class interesting and useful and are thus encouraged to enroll.

The course is conducted on a lecture and case discussion basis. A typical class section will contain a short lecture that addresses a theoretical approach or conceptual tool and provides a setting for the material being discussed. The class session will also involve discussion of cases that serve as vehicles for application of the material. These cases involve issues of how the private sector (e.g., firms, activist groups, etc.) interacts with nonmarket forces, such as the media, public interest groups, regulatory agencies, lobbying, the international business environment, and a variety of other governmental and non-governmental organizations. For a number of the class sessions, a group of students will present the case details along with their own analyses. This will help the students better understand the viewpoints of leaders in the public and private sectors.

Because the issues presented in this course are complex and constantly changing, it is important to maintain conceptual frameworks through which we can analyze not only the cases at hand but also new problems that may arise when making public policy or private sector decisions. This course is geared to help students formulate conceptual tools to better understand political decisions. The cases are used to clarify how these tools are applied in the day-to-day lives of political strategists, public officials, and private sector leaders.

**Course materials:**

The course materials include the book *Business and Its Environment* (BIE), 5<sup>th</sup> Edition, Prentice-Hall, 2006, by David P. Baron, and a variety of handouts to be delivered throughout the quarter in class. The book was written specifically for the case study approach taken by this class and has been adopted by a number of departments and business schools. It is broad in its outlook and in the range of topics covered; and it is structured around a flexible but consistent framework.

## **Course requirements and grading:**

The course requirements are mastery of the content of the readings, constructive contributions to class discussions, occasional presentations, midterm and final exams, and a class project.

Grades will be assigned a weighted average of four components—class participation (25%), the midterm exam (25%), the final exam (25%), and the class project (25%). The class participation component will be based largely on the student presentations (totaling 15% of the student's grade), but will also weigh brief written assignments and student contributions on days when the student is not assigned to present materials (totaling 10%). Students are, of course, expected to have read the material and to be prepared for discussion of the cases for each class. This includes sketching brief answers to the preparatory questions that follow most of the cases. Midterm and final exams are described below.

The class project will be conducted on a continuous basis throughout the quarter. Students will be organized into groups of no more than five members. Each group will then confront an important issue in business-government relations, typically through interaction with a Columbus-area business or governmental office. Students will be responsible for identifying businesses or government offices tackling problems of interest to them. Groups having difficulty arranging relationships with such offices will receive assistance from Prof. Volden. Students will gain insight into the nonmarket issues being confronted in these organizations, and they will use the frameworks and lessons learned in class to offer advice and a final report to business leaders and public officials regarding how best to address their nonmarket concerns. Students will turn in their report in the final two weeks of the quarter (both to Prof. Volden and to the organization being advised), and will present their findings orally to the class. Grades will be based on the oral presentation (totaling 10% of the final grade) and on interim written assignments and the final report (15%). Reports should detail the problem faced by the business or government officials, the group's recommendations for addressing the problem, and how those recommendations are based on frameworks from the class.

No late work will be accepted unless previously arranged with Prof. Volden. Such arrangements require well-substantiated and sound reasons, and will result in progressively lowered grades depending on how late the work is finally produced. In short, be sure to turn in everything on time and do not miss exams.

Dishonest practices on the examinations, on assignments, or in the course generally are unacceptable. All work is to be the student's own, except where explicitly noted. There will be no collaboration on exams. Any suspected cases of dishonesty will be reported to the University Committee on Academic Misconduct and handled according to university policy. The committee defines plagiarism as "the representation of another's works or ideas as one's own; it includes the unacknowledged word for word use and/or paraphrasing of another person's work, and/or the inappropriate unacknowledged use of another person's ideas." Plagiarism is unacceptable in this and all classes at OSU.

Students with disabilities that have been certified by the Office for Disability Services will be given appropriate accommodations. Students should let Prof. Volden know about their needs as soon as possible.

## Course Outline:

### I. Nonmarket Issues and Strategy

#### **Session 1: Thursday, September 22—Introduction to Political Strategy, Public Policy, and the Private Sector**

#### **Session 2: Tuesday, September 27—Market and Nonmarket Environments**

*The reading for this session illustrates the types of issues to be considered in the course and presents approaches for organizing analysis of public policies surrounding the private sector. The CAFE standards case presents the issue of higher fuel economy standards, which is increasingly relevant today. The case provides a specific vehicle for identifying generic components of private sector activities in the nonmarket environment. Future sessions will examine these components in more detail with an increasing emphasis on the development of analytic concepts and formulation of nonmarket strategies.*

Reading: BIE, 1-17.

Case: CAFE Standards 2002, 271-279.

#### **Session 3: Thursday, September 29—The News Media and Nonmarket Issues**

*The focus of this session is the impact of the media on private sector constituencies. Nonmarket environments not only are complex but also involve people with quite different interests and reasoning about issues. The case discussed during this session provides specific managerial issues in which the media and public opinion played a part. To prepare for discussion of the case in this session, consider how you would act if you were involved in the management of Illinois Power.*

Reading: BIE, 66-88.

Case: Illinois Power Company, 94-95.

**Assignment:** Students turn in a list of group members for the class project. Groups should consist of no fewer than three and no more than five members.

#### **Session 4: Tuesday, October 4—Private Politics**

*This session examines the interactions among different entities in the private sector, such as between firms and activist groups. The case is not intended to be representative of typical activist involvement, nor is it intended to show how companies should manage their encounters with these groups generally. Rather, the session raises questions about how leaders might anticipate*

*the actions and effects of political activists. To prepare for discussion of this case, think of yourself first in the role of Greenpeace activists and then in the role of the management of Shell.*

Reading: BIE, 96-114.

Case: Shell, Greenpeace, and Brent Spar, 115-119, ***Student Presentation***.

## II. Nonmarket Strategies in Governmental Arenas

### **Session 5: Thursday, October 6—Political Theory and Government Institutions**

*This session and the next introduce frameworks for political analysis based on microeconomic principles. The frameworks provide ways to think about the role of interest groups in forming coalitions and dealing with nonmarket issues. Additionally, these tools will aid students in understanding the results of actions taken by legislative decision-makers. The frameworks are intended to help form educated expectations about political activity. They provide a foundation for strategy formation, which will be the focus of future sessions. Be prepared to discuss the analysis of the Daylight Savings example as well as the Repeal of the Luxury Tax case.*

Reading: BIE, 135-164, with close attention to Daylight Savings, 160-164.

Case: Repeal of the Luxury Tax, 166-167, ***Student Presentation***.

***Assignment:*** Each group turns in a summary of their project idea. The summary should include a one-page description of the business-government issue being confronted, along with a concise list of the 4Is.

### **Session 6: Tuesday, October 11—Political Analysis and the Private Sector**

*This session continues the exploration of political analyses of nonmarket actions. One of the frameworks introduced in this session is the Distributive Politics Spreadsheet (DPS). This tool helps analysts think about the possible ways to bring together (or break apart) coalitions in the political arena. Although difficult to master at first, this framework will become more intuitive and useful with practice. Students should pay close attention to the Boeing case and should attempt to formulate their own DPS for the Scrubbers case.*

Reading: BIE, 170-191.

Case: Scrubbers and Environmental Politics, 194-195, ***Student Presentation***.

***Assignment:*** All students prepare a Distributive Politics Spreadsheet for the Scrubbers and Environmental Politics case. Students may work together in preparing their answers for this, but are to individually produce the final spreadsheet. Bring two copies of the spreadsheet – one to hand in at the beginning of class, and one to use during discussion of the case.

### **Session 7: Thursday, October 13—Integrated Strategy**

*This session focuses on the formation and integration of market (or competitive) strategies and nonmarket strategies. It also addresses the relationship between strategy and competencies and how effectively a strategy addresses business forces. The case involves a growing company attempting to seize an opportunity created by government regulation. Be aware of how the market and nonmarket forces may vary from state to state. In addition to the preparation questions at the end of the case, make a rough estimate of the size of the market opportunity under the assumption that the enhanced emissions test costs \$25 and that a vehicle is tested every two years.*

Reading: BIE, 31-52, with close attention to Citibank example, 49-51.

Case: Envirotech Systems Corporation, 59-63, **Student Presentation**.

### **Session 8: Tuesday, October 18—Formulating Political Strategies**

*This session explores the formation of responsible political strategies, based on the strategic political assets that a firm or activist group may have. Possibilities of representational, majority-building, and informational strategies provide many different avenues for generating political action. Often leaders will utilize many such strategies in attempting to influence political decisions. The Federal Express case shows the use of these strategies in both a theoretical and a concrete sense, with an eye to how competitors similarly may be assessing their potential political actions.*

Reading: BIE, 198-222, with close attention to China and MFN example, 218-219.

Case: Federal Express, 223-224, **Student Presentation**.

### **Session 9: Thursday, October 20—No class**

*Prof. Volden will be at a conference. Students should use this time reviewing materials for next week's midterm, and working further on their research project.*

### **Session 10: Tuesday, October 25—Implementing Political Strategies**

*Public policy decisions and the nonmarket environment are crucial to the success of both long-established and growing companies. This session focuses on implementing nonmarket strategies in the context of political institutions. Lobbying is a principal implementation approach used by interest groups, and this session addresses lobbying in the abstract and as a component of a broader political strategy in specific cases. Students may benefit from treating the Pharmaceutical Switching case as practice for the midterm. Set aside two hours to read the case, work through the class frameworks to date, and answer the preparation questions at the end of the case.*

Reading: BIE, 230-255.

Cases: The Nonmarket Environment of the Pharmaceutical Industry, 18-22.  
Pharmaceutical Switching, 481-488, **Student Presentation**.

**Session 11: Thursday, October 27—MIDTERM EXAMINATION (In class)**

*Students work individually on this multiple-part essay examination, applying the frameworks covered to date on a case study provided for the exam.*

**III. Government and Markets**

**Session 12: Tuesday, November 1—Antitrust**

*Antitrust policy and governmental regulation are powerful public policy constraints on market strategies and tactics in the United States and other industrialized countries. Antitrust policy evolves as a function of court interpretations of existing statutes, new legislation, enforcement policies of the current administration, and schools of thought about the role and nature of government intervention in the private sector. This session addresses these dimensions and considers cases that illustrate change in antitrust policy.*

Reading: BIE, 280-306.

Cases: The Microsoft Antitrust Case, 313-322, *Student Presentation*.

**Assignment:** Where We're Stuck: Each group turns in a brief summary of their class project to date, highlighting the remaining steps needed to produce their final report and any difficulties they foresee.

**Session 13: Thursday, November 3—Regulation: Theory and Application**

*Government regulation interacts with the legal system. The issue of product safety provides an opportunity to consider institutions dealing with both regulation and product liability and the guidance these institutions provide for managers faced with such issues. To prepare for this part of the session, focus more on the key concepts than on the abundance of institutional and legal detail.*

Reading: BIE, 323-347, 401-433.

Case: California Space Heaters, Inc., 434-436, *Student Presentation*.

**Assignment:** All students decide which safety features California Space Heaters, Inc., should include. Provide a brief written explanation. Students may work together in preparing their answers for this, but are to individually produce the written justification. Bring two copies to class – one to hand in at the beginning of class, and one to use during discussion of the case.

**Session 14: Tuesday, November 8—Environmental and Information Industries**

*Laws and regulations define the playing field for market activities, with firms often seeking to maximize profits within legal constraints. In many cases, business leaders are involved in the formulation of laws, and may use their political influence to advance their self-interests. Such activities are especially evident in new and changing markets, such as those currently evolving within information industries.*

Reading: BIE, 362-392, 448-463.

Cases: eBay and Database Protection, 437-443.

eBay: Private Ordering for an Online Company, 470-477, *Student Presentation*.

#### **IV. Political Economy of the Private Sector Worldwide**

##### **Session 15: Thursday, November 10—Political Strategy, Public Policy, & Private Sector in Europe**

*While there are similar concerns across countries, business leaders and government officials must remain aware of the significance of cross-national differences in management in the nonmarket environment, especially regarding institutions and the organization of interests. Although countries differ on these dimensions as well as in culture, the basic approach taken to political strategy and public policy in other countries is not fundamentally different than that for the United States. This session gives an overview of political and economic institutions of the European Union and its member countries.*

Reading: BIE, 524-550.

Cases: Toys ‘R’ Us and Globalization, 647-652, *Student Presentation*.

##### **Session 16: Tuesday, November 15—International Trade Policy**

*Competing pressures for market opening and for protectionism make trade policy one of the most contentious issues in the international nonmarket environment. This session considers trade policy, the underlying politics, and the role of firms as active participants in the trade policy process. The Cemex case addresses a Mexican company’s experience with U.S. trade law. The Kodak-Fujifilm case of the next session considers the political economy of Japan using a trade dispute as the setting. The Fresenius case highlights some ethical, legal, and moral concerns of doing business around the world.*

Reading: BIE, 564-589, 597-622, Fresenius Medical Care in China, 595-596.

Case: Cemex and Antidumping, 623-629, *Student Presentation*.

##### **Session 17: Thursday, November 17—Globalization and Nonmarket Strategy**

*Global companies face nonmarket issues ranging from generic to specific. General issues such as trade policy affect many companies and their decisions. Country-specific factors affect the success of well-conceived and coordinated market and nonmarket strategies. In this session we note the dependence of integrated strategies on cultural and institutional factors.*

Reading: BIE, 489-514

Case: The Kodak-Fujifilm Trade Dispute, 629-638, *Student Presentation*.

#### **V. Integrating Class Concepts through Student Presentations**

**Session 18: Tuesday, November 22—Student Presentations**

*Student groups present their class projects, noting the nonmarket dilemmas they are confronting, utilizing class frameworks, and offering strategic advice to the involved parties. Written reports are due at the time of the in-class presentation.*

**Thursday, November 24—No Class, Happy Thanksgiving!**

**Session 19: Tuesday, November 29—Student Presentations**

*Presentations continue.*

**Session 20: Thursday, December 1—Student Presentations, Wrap-Up, and Review**

*Presentations conclude. Students should also prepare any questions they would like addressed prior to the final exam.*

**Note:** Final exam handed out today, due in Prof. Volden's office before 5:00 p.m., Monday, December 5. Students **MAY NOT** work together in preparing their answers. All questions and clarifications should be directed to Prof. Volden.

**\*\*\*Monday, December 5, 5:00 p.m. – Final Exam due – Hand in at Prof. Volden's office.\*\*\***

***Enjoy a well-earned break!***