Syllabus POSC 4321-101 (6102): "Business and Politics: Capitalism and Beyond"
Instructor: Jerry Prout
Class Time: Wednesday 9am to 11am
Room: Wichr 418
Office Hours: Tuesday 10am to 2pm @ Wichr 451
Phone: 571-225-8126 (cell)
Email: gerald.prout@marquette.edu
jprout@gmail.com

Required Books:

Class Overview and Objectives: The objective of this course is to provide you with an understanding of how business suffuses our political system. Examining our mixed political economy, we will attempt to unravel the blurred lines between the economic and the political from three separate perspectives over our fifteen sessions together. First we will develop a philosophic construct that will allow us to better understand the contemporary business-political relationship. We will view how this relationship shapes our specific U.S. form of capitalism, how our economy has been shaped by government engagement, and its future shape is increasingly complicated by a global economy. In our second five weeks, we will view the ways business expresses itself legally, ethically, economically, and politically. In these sessions we will observe not only how business chooses to express itself, but also how it is required to do so. It is within this context we will see how it is often difficult to separate the lines between “the economic” and “the political.” We will dimension corporate political power and determine whether it is all its cracked up to be. Then, in the last five weeks we will examine specific examples of business advocacy to illuminate in the practical sense what we have learned in the first ten sessions.

Week 1 August 27
The Critical Champions of Capitalism: Where is the Capitalist Manifesto?
Unlike Marxism, Syndicalism, Fascism and other theories of economic organization, capitalism emerged prior to ever being explained in theory. Even the subsequent theoretical “champions” of capitalism have been among its most ardent critics. Beginning with Adam Smith’s critique of mercantilism, Weber, Schumpeter, Von Mises, Keynes and even Friedman, have pointed to its inherent flaws as a means of emphasizing its attributes. We will examine the fundamentals of capitalism and its unhappy relationship to theory and politics as the pretext for understanding the contemporary business-government relationship.

Week 2 September 3
No Class:
Michael Gerson, “Pope Francis and the Argument for Compassionate Capitalism,” Washington Post;

Week 3 September 10
The Anti-Capitalist Narratives: How does capitalism thrive on critique?
Throughout US history, and now on an international stage, we see three distinctive anti-capitalist narratives. The Populist narrative is skeptical of capitalism’s tendency to aggregate economic power and
the resulting disparities in wealth. The Progressive narrative seeks to place the government in the role of harnessing business influence and reforming corrupt practices. The anti-technology narrative is skeptical of modernity and the impacts of material progress on our spiritual and moral fabric. We will examine both the historical and contemporary manifestations of these narratives and their impact on the business-political relationship. Readings: Jeffrey Birnbaum and Alan Murray, Gucci Gulch, Chapters One to Three; Claudio Katz, “Democratic and Communitarian Critiques of Capitalism” The American Political Science Review (June, 1997).

Week 4 September 17
Corporations without Borders: Is our regulatory system increasingly less relevant to American business? The reality of global business today is that national borders are less relevant than they were even a decade ago. Moreover, the digital revolution is further eroding traditional market barriers in ways that are just barely understood. In this asymmetrical, sometime chaotic environment, what is the relevance of domestic US politics for multinational corporations? Are US companies shopping for the best political economy? Should we be concerned if we lose traditional “US based” companies because of political policies? What if anything do we mean by “Corporate America”? Does it remain a relevant term in the political context? Reading: Birnbaum and Allen, Gucci Gulch, Chapters 4-5; Stewart Patrick, “The Unruled World” Foreign Affairs.

Week 5 September 24
“Beyond State Capitalism: What should politics demand from business?” Given the state of US capitalism as we have now described it and the reach of the corporate form, is our political system equipped to manage our economy or has it become an extension of the market itself? Has the political marketplace as described by Theodore Lowi actually been realized? If at the turn of the twentieth century we witnessed in the Trusts the logical extension of free market economics, is history repeating itself with the emergence of a few firms who control the cloud? Is our broken political system capable of harnessing the new electronic oligopolists? Reading: Mann and Ornstein, It’s Even Worse Than It Looks Chapters 1-2; Theodore Lowi, “The New Public Philosophy” in The End of Liberalism, 42-63; Lane Kenworthy, “America’s Social Democratic Future,” Foreign Affairs, 86-100; Ruchir Dharma, “Broken BRICs,” Foreign Affairs.

Paper #1 Due September 30 Minimum 4 pages double-spaced (1000 words): Every policy debate in our political economy has deep roots grounded in political theories and their ideological offspring. In less than two centuries America has capitulated from an agrarian colony, to the world’s leading industrial economy, and finally to the dominant post-industrial global economy. But that position is now in jeopardy. In creating your own interpretive narrative of what you believe to be the most salient points from Weeks 1-3, describe the philosophical constructs that have both propelled and restrained the growth of business, and how you would characterize our current mixed political economy? You may wish to think about this in terms of one of the issues you will choose for your final. In other words how would you articulate a philosophical construct in which to view the relationship of business and politics?

Week 6 September 30
Being an Artificial Individual: How does/should the law deal with corporations? Early in our Republic Chief Justice Marshall said, “A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law.” This has led to varying interpretations of how business can conduct itself not only in the marketplace, but also in the political sphere. Thus there are continuing heated legal controversies over political spending as an expression of free speech protected under the First Amendment. What has the legal status of the corporation allowed? Is monopoly the natural end state of capitalism; and if so, what does that mean for “the end of history?” Reading: Ian Bremmer, End of the Free Market, Chapters Three and Four; Morton Keller, “The Making of the Modern Corporation,” Wilson Quarterly.
Week 7 October 1

Week 8 October 8
Behaving as a Group: How do businesses ally and align to leverage their individual interests? Though businesses may see themselves as individuals before the law, they typically coalesce to drive outcomes favorable to specific industry groups. They also organize political advocacy on issues that directly impact their bottom line and more often than not this means joining forces with like minded companies. We will examine how companies operate offices function, and how coalitions and associations extend the influence of individual companies and as they try to influence policy. How do business associations differ in their behavior from other special interests and how much influence does business wield in interest group politics? Reading: Birnbaum and Allen, Gucci Gulch, Chapters 6&7, 126-175; Mann and Ornstein, Its Even Worse than it Looks, Chapter 3.

Week 9
October 15 Moneyball Comes to DC: How corrupting is the influence of money on politics? Campaign contributions are a politician’s lifeblood; the capability to raise a campaign war chest often is viewed as the very measure of survival, and a signal of electability. As the cost of campaigns has grown and various campaign contribution strategies called into question, so too has the public grown increasingly cynical of the corrupting factor of money in politics. We will examine what current analyses suggest regarding the role of money in politics. We will also survey the range of potential reforms being suggested and whether it is foreseeable that we could have a “clean politics.” Reading: Mann and Ornstein, Its Even Worse Than It Looks, Chapters 4-6.

Paper #2 Due October 22 Minimum 4 pages double-spaced (1000 words): Corporations have certain legal standing in our democracy that enables and constrains their ability to advocate. As you summarize our discussions of the nature of the corporation, their evolution in form and expression, create your own critique and/or defense of corporate political expression. To the extent you can begin to relate this to your earlier characterization of the American political economy and the issue you are preparing to write about, you will be ahead as we enter the final five weeks and prepare for the “Final.”

Week 10
October 22: It Can’t Happen Again: Why do financial bubbles seem baked into US economic history? American economic history is replete with cyclical episodes of boom and bust, speculative bubbles and panic. The Great Depression and Great Recession have each resulted in creating regulation to insulate against the next market collapse. Yet the very essence of capitalism is tied to risk taking, not only with technological innovation but with financial instruments that can empower more entrepreneurs. In our digital age and global economic system have we lost the very ability to manage the lifeblood of capitalism? Is the “new normal” a recognition that it will “happen again and again?” Reading: Carmen Reinhart and Ken Rogoff, “Banking Crises” in This Time is Different, Chapter 10, 141-173; “Bank’s Lobby Help in Drafting Financial Bills,” The New York Times, May 23, 2013; Martin Wolf, “Blessings
Week 11
October 29: Made in America: Should we drop the pretense about “made in America”? Despite the globalization of business, nation states have found it virtually impossible to agree to a new more liberalized multi-lateral trade agreement. The Doha Round has virtually collapsed and very few hold out the chance for its resuscitation; instead the new trend seems to be smaller bilateral and multilateral agreements such as the ongoing Trans Pacific Partnership negotiations, and the Trans-Atlantic Trade and Investment Partnership. What does the status of trade negotiations tell us about global capitalism? More importantly is it relevant in a world where the revenues of many large multi-nationals is larger than the GDP of most nation states. Reading: Robert McMahon, “U.S. Trade Policy,” Council on Foreign Policy, see http://www.cfr.org/trade/us-trade-policy/p17859; Robert Lawrence and Lawrence Edwards, “Shattering Trade Myths,” Harvard Business Review (2012); Birnbaum and Allen, Gucci Gulch, Chapters 8-9.

Week 12
November 5: Searching for Sustainability: Is this simply a convenient PR off ramp for companies? Environmental regulation is one of the most oft cited and critiqued ways governments intervene in markets to mitigate the impacts of free market externalities. Business continues to spend significantly on advocacy aimed at delaying the implementation and reducing the costs of environmental regulation, while at the same time making the argument for behaviors that are sound both economically and environmentally. As Gro Harlem Bruntland’s Commission defined sustainability in its 1987 Our Common Future “Sustainable development is the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Today many in the environmental movement critique the new vocabulary of sustainability. How has business addressed its responsibilities to the planet? In the wake of corporate sustainability initiatives has command control regulation run its effective course? Reading: Richard L. Revez, “Federalism and Environmental Regulation,” Harvard Law Review, 553-641; The Potential Role of a Carbon Tax in U.S. Fiscal Reform, Brookings Institute, Executive Summary; James E. McCarthy and Claudia Copeland, EPA Regulations: Too Much, Too Little, or On Track? 1-16; Birnbaum and Allen, Gucci Gulch, Chapters 10-11, 234-283.

Week 13
November 12: Snowdon and the Eisenhower: How much is enough? Dwight Eisenhower’s farewell speech on the danger to democracy from what he famously described as the “military industrial complex,” is currently still very much with us. What this most decorated and respected general warned might become another form of tyranny has now taken on yet another dimension since 9-11. Today an enormous national security complex replete with its own contractors, consultants, and cohorts parallels and intersects with the more established “military-industrial complex. McCnesey reminds us in his Chapter on the expansion of government and corporate reach into personal information, that the use of “national security” as a means to further economic concentration poses threats to our democracy. We will discuss the Snowden controversy and examine whether he is a traitor or a patriot? Reading: Ian Bremmer, The End of the Free Marker, Chapters 5-6; James Fallows, “The Military Industrial Complex” Foreign Policy (2002); Kenneth Cukier and Viktor Mayer-Schoenberger, “Big Data,” Foreign Affairs (2013); Les Aspin, “Games the Pentagon Plays,” Foreign Policy (1973)

Week 14
November 19: Farm Bill Politics: Why are they growing corn in the delta? Today’s agricultural economy accounts for only 1% of the US GDP, however its impact on our domestic economy is exponentially greater. Moreover, the US, whether by default or by design, is critical to global
food security, raising the question as to whether our Farm Bill politics, decisively regional in nature, are relevant to America’s role in the global agricultural economy. We will examine the enormous reach of the Farm Bill, and examine the tortuous path of the 2013 Farm Bill in the 113th Congress. Reading: Russell Lamb, “The New Farm Economy,” Regulation (2003); David Rodgers, “Farm Bill’s Demise Exposes Fault Lines in House, Politico.

Week 15
November 26 Thanksgiving Break

Week 16
December 3: Three Cheers for the Unemployed: Why do we insist on full employment? Columbia University historian John A. Garraty based his famous history of the concept of full employment on an anecdote that portrays the callousness of Gilded Age political economy. Some draw parallels to contemporary US democracy and incestuous relationships of the powerful. How broken is our current political economy and what would you do to improve the relationship of business and government? Reading: Fareed Zakaria, “Can America be Fixed,” Foreign Affairs (posted)

December 12 Final Paper Due

• Select one of the following broad issues currently at the heart of our political economy: Immigration, Tax Reform, Digital Privacy, Infrastructure, Health Care, Campaign Finance, Energy Independence, Intellectual Property, Defense Budgeting, Trade Policy. You may wish to narrow to a sub issue under these broad categories.
• Succinctly but thoroughly describe the current contours of the debate and business engagement; i.e., what is at stake economically/politically, what institutions are engaged, where is the debate being played out (venues), and who are the major players (organizations, individuals).
• Apply the perspectives discussed over the last fifteen weeks to describe the business-political relationship in the concept of this issue, the arguments being made, and the behaviors of leading business and political officials and institutions.
• You should cite any additional research you have done to make your points, as well as draw from the various sources that comprised our reading.
• You will be judged on how well you can synthesize the various perspectives to demonstrate you understand and can explain the current debate over your selected issue. You will also be judged on how well you write and the logic flow of your arguments.

Class evaluation:
Performance will be evaluated on the basis of these three components equally weighted:
1. Two interim assignments: See the assignments for Papers #1 and #2 described above.
2. Class Participation: Premium on responses that are thought through and based on course not opinion- sometimes we will all state opinions; but premium on presenting arguments in support)
3. Final Exam: At least twelve to fifteen pages double spaced with references (no need for footnotes; fine to use parentheses with last name of author for those we sources from the in class readings-more if it is an additional source you have researched).

NO LATE PAPERS ACCEPTED
Because this class meets only once a week attendance is critical. Missing a session is the equivalent missing a week. Therefore do all you can to make every class.
The university attendance and honor policies are here for your review. We all should follow without exception. http://bulletin.marquette.edu/undergrad/academicregulations/#academichonestypolicy
http://bulletin.marquette.edu/undergrad/academicregulations/#attendance