

**PUBLIC AFFAIRS/POLITICAL SCIENCE 841  
SEMINAR ON INTERNATIONAL BUSINESS AND GOVERNMENT**

**Spring 2008**

**M 1:20-3:15**

**4308 Social Science**

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One of the most important relationships in modern societies is that between business and government. Corporations and governments are among the most powerful actors in our societies; most resources are allocated through markets, firms, or states. Managing the relationship between business and government is among the most important challenges facing contemporary policy makers. Failure to control business adequately may lead to social ills such as pollution, unsafe working conditions, fraud, and financial instability. Excessively strict or inappropriately designed controls on business may lead to reductions in competitiveness, investment, employment, and economic growth. It is commonly believed that the difficulty of striking the right regulatory balance has been made even greater by globalization, a phenomenon rife with implications for the relationship between business and government.

This course falls into two broad parts. The first is primarily comparative. In it we will examine the “varieties of capitalism” that have been identified in advanced industrialized societies and consider their capacity to withstand globalization. We will also analyze the role within these national models of capitalism of established forms of economic coordination such as markets, hierarchies, and associations; we will then go on to consider the emergence of new modes of governance based on networks, information, experimentation, and learning in response to the challenges of an increasingly complex, volatile, and uncertain environment. The second part of the course is primarily international. In it we will examine a series of key issues concerning the evolving relationship between business and government in the global economy, such as the nature of multinational corporations and global value chains, the distinctive problems of developing countries and transitional economies, the emergence of the European Union as a regional polity and global actor, and the potential contribution of international civil society to business regulation and global governance. The final sessions of the course will examine more closely the practical problems of regulating international business in the fields of labor and environmental standards.

## Course Requirements and Grading

The course will be taught as a seminar. You are expected to come to class having done the assigned reading and be ready to discuss it. In addition, you are expected to complete the following assignments:

1) Submit **10 brief response memos** (1-2 single-spaced pages) on the week's readings. These memos are intended to prepare the ground for good class discussions by requiring participants to set out their initial reactions to the readings in written form. Memos should *not* summarize the readings, but should comment on specific arguments, compare the positions of different authors, raise questions of evidence or method, draw attention to particular strengths and weaknesses in the texts, and/or explore their policy implications. (Given the short length of these response memos, it will not be necessary – or possible – for you to discuss each reading.) Each memo should also identify at least one question that you would like the class to discuss. (This should not be a purely factual question, though I will be glad to respond to such questions in class.) We will arrange to share these memos through email, using the class list. In order for everyone to have time to read over each other's comments, these will be *due on email by 6 pm on the day before the class meets (i.e. Sunday)*.

*The response memos will not be formally marked, but together with class participation will account for 25% of your final grade.*

2) Write a **critical book review** (8-10 double-spaced pages/2000-2500 words) of David Vogel's *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, Washington, D.C.: Brookings Institution, 2006. *The review will be due in class or by email on Monday March 24 and will account for 25% of your final grade.*

3) Prepare a **policy report** (20 double-spaced pages/5000 words) examining a specific real-world experiment in regulating international business (such as the Fair Labor Association or the Forest Stewardship Council, to choose two examples which we will cover in class). Where available, your report should draw on independent accounts by academics and other external commentators as well as on official documents produced by the organization itself. Web sources in particular should be carefully identified and critically evaluated. Your report should carefully describe the origins, goals, organizational structure, and evolution of the experiment in question, paying special attention to the types of actors involved and the regulatory methods deployed. The report should conclude by assessing the experiment as a contribution to global governance (using the criteria of effectiveness, accountability, and legitimacy), comparing it to other competing regulatory approaches operating in the same field, and recommending possible reforms or improvements.

*All topics must be agreed with me in advance, based on a short written proposal, due in class on April 21. The report is due by 9am on Monday, May 12 (either by email or in my Sociology Department mailbox, 8128 Social Science), and will account for 50% of your grade.*

I regret that it is necessary to warn you that plagiarism will result in you receiving an F on the assignment and you will probably fail the course. If you have any doubt about what constitutes plagiarism consult Mary Treleven and she will refer you to relevant materials and Writing Lab classes.

## Reading

The following books will be available for student purchase at the University Book Store and at the Underground Textbook Exchange (664 State St.):

Graham K. Wilson, *Business & Politics: A Comparative Introduction* (New York/London: Chatham House/Seven Bridges, 2003).

David Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, Washington, D.C.: Brookings Institution, 2006.

A course reader will be available for purchase at the Social Science Copy Center.

All books listed in this syllabus are also available on reserve in the Helen C. White College Library. Most journal articles can be accessed and downloaded through the UW electronic library. Go either to MadCat or to the Electronic Journals List (<http://www.library.wisc.edu/journals/>), look up the title, and follow the links.

I also expect you to follow current international developments by regularly reading the *Financial Times* and other relevant periodicals such as the *Economist* and *Foreign Policy*, all of which offer student subscription rates. An excellent website which features lively debate on international policy issues, including business-government relations, is [www.opendemocracy.net](http://www.opendemocracy.net). An abundant font of statistical information and analysis on the developed economies can be accessed through Source OECD, available through the UW-Madison Electronic Library (under Journals, Magazines, and Newspapers). Other international statistics are available through [www.nationmaster.com](http://www.nationmaster.com).

## Topics and Readings

### 1. Introductory Meeting (January 28)

Wilson, Graham K., 2003: *Business & Politics: A Comparative Introduction* (New York/London: Chatham House/Seven Bridges), ch. 1, pp. 1-26.

## Part I: Comparative Perspectives

### 2. Varieties of Capitalism (February 4)

Dore, Ronald, 2000: *Stock Market Capitalism: Welfare Capitalism. Japan and Germany versus the Anglo-Saxons* (Oxford: Oxford University Press), ch. 1, pp. 1-19.

Hall, Peter A., and David Soskice, 2001: “An Introduction to Varieties of Capitalism”, in Hall and Soskice (eds.), *Varieties of Capitalism: Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press), 1-68.

Wilson, *Business & Politics*, chs. 2-3, pp. 27-80.

Streeck, Wolfgang, and Kozo Yamamura, 2003: “Introduction: Convergence or Diversity? Stability and Change in German and Japanese Capitalism”, in Yamamura and Streeck (eds.), *The End of Diversity? Prospects for German and Japanese Capitalism* (Ithaca, NY: Cornell University Press), 1-17, 38-50.

Crouch, Colin, 2005: *Capitalist Diversity and Change* (Oxford: Oxford University Press), ch. 2, “Typologies of Capitalism”, 25-45.

### **3. Developmental States (February 11)**

Wilson, *Business & Politics*, ch. 4, pp. 81-101.

Hall, Peter A., 1995: “The Japanese Civil Service and Economic Development in Comparative Perspective”, in: Hyung-Ki Kim et al. (eds.), *The Japanese Civil Service and Economic Development* (Oxford: Clarendon Press), 484-505.

Culpepper, Pepper, 2001: “Employers, Public Policy, and the Politics of Decentralized Cooperation in Germany and France”, in Hall and Soskice, *Varieties of Capitalism*, 275-306.

Levy, Jonah D. (ed.), 2006: *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge, MA: Harvard University Press), introduction and conclusion, pp. 1-28, 367-93.

### **4. Neo-Corporatism and Social Concertation (February 18)**

Wilson, *Business & Politics*, ch. 5, 102-20.

Baccaro, Lucio, 2003: “What is Alive and What is Dead in the Theory of Corporatism”, *British Journal of Industrial Relations* 41(4): 683-706.

Ebbinghaus, Bernhard, 2001: “Reforming the Welfare State through ‘Old’ or ‘New’ Social Partnerships?”, in: Carsten Kjaergaard and Sven-Åge Westphalen (eds.), *From Collective Bargaining to Social Partnerships: New Roles of the Social Partners in Europe*. Copenhagen: The Copenhagen Centre, pp. 103-20.

Culpepper, Pepper D., 2002: “Powering, Puzzling, and ‘Pacting’: The Informational Logic of Negotiated Reforms”, *Journal of European Public Policy* 9(5): 774-90.

House, J.D., and Kyla McGrath, 2004: “Innovative Governance and Development in the New Ireland: Social Partnership and the Integrated Approach”, *Governance* 17(1): 29-58.

## **5. New Modes of Governance: Beyond Markets, Hierarchies, and Associations? (February 25)**

Hollingsworth, J. Rogers, and Robert Boyer, 1997: “Forms of Economic Coordination”, in Hollingsworth and Boyer (eds.), *Contemporary Capitalism: The Embeddedness of Institutions* (Cambridge: Cambridge University Press), 6-20.

Stewart, Richard B., 2003: “Administrative Law in the 21<sup>st</sup> Century”, 78 *New York University Law Review* 437.

Sabel, Charles F., 2004: “Beyond Principal-Agent Governance: Experimentalist Organizations, Learning and Accountability”, in Ewald Engelen & Monika Sie Dhian Ho (eds.), *De Staat van de Democratie. Democratie voorbij de Staat*. WRR Verkenning 3 (Amsterdam: Amsterdam University Press),  
<http://www2.law.columbia.edu/sabel/papers/Sabel.definitief.doc>.

Sabel, Charles, and Zeitlin, Jonathan, 2008: “Learning from Difference: The New Architecture of Experimentalist Governance in the European Union”, *European Law Journal* (forthcoming).

## **Part II: Challenges of Globalization**

### **6. Globalization and the Challenge of Governance (March 3)**

Wilson, *Business & Politics*, ch. 7, pp. 136-51.

Hirst, Paul, and Grahame Thompson, 1999: *Globalization in Question*, 2<sup>nd</sup> revised edition (Cambridge: Polity), chs. 1-2, 7, pp. 1-65, 191-227 (check).

Zürn, Michael, 2002: “From Interdependence to Globalization”, in Walter Carlsnaes, Thomas Risse, and Beth A. Simmons (eds.), *Handbook of International Relations* (London: Sage), 235-54.

Rosenau, James, 2002: “Governance in a New Global Order”, in David Held and Anthony McGrew (eds.), *Governing Globalization* (Cambridge: Polity), pp. 70-86.

Mosley, Layna, 2007: “The Political Economy of Globalization”, in David Held and Anthony McGrew (eds.), *Globalization Theory* (Cambridge: Polity), pp. 106-25.

## **7. Multinational Corporations and Global Value Chains (March 10)**

Stopford, John, 1998-9: "Thinking Again: Multinational Corporations", *Foreign Policy*, Winter: 12-24.

Hirst and Thompson, 1999: *Globalization in Question*, ch. 3, "Multinational Companies and Internationalization of Business Activity", pp. 66-96.

Kristensen, Peer Hull, and Jonathan Zeitlin, 2005: *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation* (Oxford: Oxford University Press), Preface, chs. 1, 12, pp. xii-xxii, 1-23, 301-22.

Gereffi, Gary, John Humphrey, and Tim Sturgeon, 2005: "The Governance of Global Value Chains: An Analytical Framework", *Review of International Political Economy*, 12: 78-104.

Herrigel, Gary, 2004: "Emergent Strategies and Forms of Governance in High-Wage Component Manufacturing Regions", *Industry and Innovation* 11(1-2): 45-79.

Humphrey, John, and Hubert Schmitz, 2004: "Chain Governance and Upgrading: Taking Stock", in: Hubert Schmitz (ed.), *Local Enterprises in the Global Economy* (Cheltenham: Edward Elgar), pp. 349-81.

## **8. Transitional Economies (March 24)**

Wilson, *Business & Politics*, ch. 6, pp. 81-101.

Stiglitz, Joseph E., 2002: *Globalization and Its Discontents* (New York: Norton), chs. 5-7, pp. 133-94.

Goldman, Marshall I., 2003: "Render Unto Caesar: Putin and the Oligarchs", *Current History*, October: 320-26.

Jacoby, Wade, 2001: "Tutors and Pupils: International Organizations, Central European Elites, and Western Models", *Governance* 14(2): 169-200.

Guthrie, Doug, *China and Globalization* (London: Routledge), pp. 27-72, 113-73.

Steinfeld, Edward, 2002: "Chinese Enterprise Development and the Challenge of Global Integration", unpublished paper, MIT,  
<http://web.mit.edu/polisci/research/steinfeld/Steinfeld-EnterpriseDevelop.pdf>.

**9. Business and Government in Developing Countries (March 31)**  
**Guest: Paola Perez-Aleman (McGill University)**

Maxfield, Sylvia, and Ben Ross Schneider (eds.), 1997: *Business and the State in Developing Countries* (Ithaca, NY: Cornell University Press), chs. 1 and 3 (Schneider and Maxfield, “Business, the State, and Economic Performance in Developing Countries”, and Peter Evans, “State Structures, Government-Business Relations, and Economic Transformation”), pp. 3-33, 63-87.

World Bank, 2001: *World Development Report 2002: Building Institutions for Markets* (Washington, D.C.: World Bank),  
<http://www.worldbank.org/wdr/2001/fulltext/fulltext2002.htm> , “Overview”, pp. 1-16.

Sabel, Charles F., 2007: “Bootstrapping Development: Rethinking the Role of Public Institutions in Promoting Growth”, in Victor Nee and Richard Swedberg (eds.) *On Capitalism* (Stanford University Press), pp. 305-341.

Rodrik, Dani, 2004: “Industrial Policy for the 21<sup>st</sup> Century”, unpublished paper, Kennedy School of Government, Harvard University,  
<http://ksghome.harvard.edu/~drodrik/UNIDOSep.pdf>.

Perez-Aleman, Paola, 2005: “Cluster Formation, Institutions, and Learning: The Emergence of Clusters and Development in Chile”, *Industrial and Corporate Change* 14(4): 651-77.

**10. Regional Organizations: The European Union in Comparative Perspective (April 7)**

Karns, Margaret P., and Karen A. Migst, 2004: *International Organizations: The Politics and Processes of Global Governance* (Boulder: Lynne Rienner Publishers), pp. 145-210, 392-402.

Wilson, *Business & Politics*, 152-56.

Review Sabel and Zeitlin, “Learning from Difference”.

Pollack, Mark, 1997: “Representing Diffuse Interests in EC Policy-Making”, *Journal of European Public Policy* 4(4): 572-90.

Eising, Rainer, 2004: “Multilevel Governance and Business Interests in the European Union”, *Governance* 17(2): 211-46.

Newman, Abraham, and Elliot Posner, 2005: “International Interdependence and Regulatory Power”, unpublished paper presented to the annual meeting of the American Political Science Association, Washington, D.C.

European Commission, 2007: *The External Dimension of the Single Market Review*, SEC (2007) 219, Brussels, November 19, [http://ec.europa.eu/citizens\\_agenda/docs/sec\\_2007\\_1519\\_en.pdf](http://ec.europa.eu/citizens_agenda/docs/sec_2007_1519_en.pdf).

*Recommended*

McDermott, Gerald, Laszlo Bruszt, and Vanessa Sanchez, 2006: “International Integration Regimes as Development Programs: A Comparison of the EU and NAFTA Accession Processes”, unpublished paper, Wharton School, University of Pennsylvania, [http://www-management.wharton.upenn.edu/mcdermott/files/McDermott-Bruszt-Sanchez\\_Integration.pdf](http://www-management.wharton.upenn.edu/mcdermott/files/McDermott-Bruszt-Sanchez_Integration.pdf).

**April 14: no class: work on project proposals**

### **11. Civil Regulation and Private Governance (April 21)**

Review Wilson, *Business & Politics*, ch. 7, esp. pp. 143-51.

Vogel, David, 2006: “The Private Regulation of Global Corporate Conduct”, unpublished paper presented to the American Political Science Association annual meeting, 2006.

Haufler, Virginia, 2003: “Globalization and Industry Self-Regulation,” in Miles Kahler and David Lake (eds.), *Governance in A Global Economy: Political Authority in Transition*, (Princeton: Princeton University Press), pp. 226-52.

Rongit, Karsten, and Volker Schneider, 1999: “Global Governance through Private Organizations”, *Governance* 12(3): 243-66.

Knill, Christoph, and Dirk Lehmkuhl, 2002: “Private Actors and the State: Internationalization and Changing Patterns of Governance”, *Governance* 15(1): 41-63.

Ruggie, John G., 2003: “Taking Embedded Liberalism Global: The Corporate Connection”, in David Held and Mathias Koenig-Archibugi (eds.), *Taming Globalization: Frontiers of Governance* (Cambridge: Polity), pp. 93-129.

O’Rourke, Dara, 2005: “Market Movements: Nongovernmental Organization Strategies to Influence Global Production and Consumption,” *Journal of Industrial Ecology* 9(1): 115-128.

**12. Regulating International Business: Labor Standards (April 28)**  
**Guest: Richard Locke (MIT)**

Elliott, Kimberley Ann, and Richard B. Freeman, 2003: *Can Labor Standards Improve under Globalization?* (Washington, D.C.: Institute for International Economics), pp. 1-139.

Fung, Archon, Dara O'Rourke, and Charles F. Sabel, 2001: "Stepping Up Labor Standards", *Boston Review* 26(1): 4-20 (see also critics' comments and authors' response), <http://bostonreview.net/ndf.html#Standards>.

O'Rourke, Dara, 2003: "Outsourcing Regulation: Analyzing Nongovernmental Systems of Labor Standards and Monitoring", *Policy Studies Journal* 31(1): 1-29.

Locke, Richard, Fei Qin, and Alberto Brause, 2006: "Does Monitoring Improve Labor Standards? Lessons from Nike", *MIT Sloan School Working Paper* No. 4612-06, July.

Wells, Don, 2007: "Too Weak for the Job: Corporate Codes of Conduct, Non-Governmental Organizations and the Regulation of International Labor Standards", *Global Social Policy* 7(1): 51-74.

Sabel, Charles F., 2007: "Rolling Rule Labor Standards: Why Their Time Has Come, and Why We Should Be Glad of It", in International Labour Organization, *Protecting Labour Rights as Human Rights: Present and Future of International Supervision* (Geneva: International Labour Organization), pp. 257-77.

**13. Regulating International Business: Environmental Standards (May 5)**  
**Guest: Christine Overdevest (University of Florida)**

Betsill, Michelle, 2006: "Transnational Actors in International Environmental Politics", in Betsill et al. (eds.), *International Environmental Politics* (Houndmill: Palgrave Macmillan), pp. 172-202.

Falkner, Robert, 2003: "Private Environmental Governance and International Relations: Exploring the Links," *Global Environmental Politics* 3(2): 72-87.

Skjaereth, Jon Birger, Olav Schram Stokke, and Jorgen Wessestaad, 2006: "Soft Law, Hard Law, and Effective Implementation of International Environmental Norms" *Global Environmental Politics* 6(3): 104-120.

Overdevest, Christine, 2004: "Codes of Conduct and Standard Setting in the Forest Sector: Constructing Markets for Democracy?", *Relations Industrielles/Industrial Relations* 59(1): 172-95.

Bernstein, Stephen, and Benjamin Cashore, 2004: "Non-State Global Governance: Is Forest Certification a Legitimate Alternative to a Global Forest Convention?", in John J. Kirton and Michael J. Trebilcock (eds.), *Hard Choices, Soft Law: Voluntary Standards in Global Trade, Environment, and Social Governance* (Aldershot: Ashgate), pp. 33-63.

Meidinger, Errol, 2006: "The Administrative Law of Global Public-Private Regulation: The Case of Forestry", *European Journal of International Law* 17(1):47-87.