

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

**Spring 2006  
T 3:30-5:25  
4314 Social Science  
Class #: 58748**

**Professor Jonathan Zeitlin  
email: [jzeitlin@wisc.edu](mailto:jzeitlin@wisc.edu)  
265-6640 (o)  
office hours: M 1:15-2:15; T 2:15-3:15; or by appointment  
319 Ingraham**

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.

The 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 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, the particular 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.

## Course Requirements and Grading

You are expected to: 1) attend and take an active part in seminar discussions; 2) write 10 weekly response memos on the required readings (1-2 single-spaced pages each); 3) give a short (5-10 minute) presentation of a “case study” reading to the class; and 4) prepare either (a) a policy report on a “real world” issue concerning business and government *or* (b) a 20-page (typed, double-spaced) research paper on an agreed topic related to the themes of the course.

The weekly memos are intended to prepare the ground for good discussions by requiring seminar participants to set out their initial responses to the readings in written form. Memos need not summarize the readings as such, but may take up specific arguments, compare the positions of different authors, raise questions of evidence or method, explore policy implications, or draw attention to particular strengths and weaknesses in the readings. We will arrange to share these memos through email, using the class list, [pubaffr841-1-s06@lists.wisc.edu](mailto:pubaffr841-1-s06@lists.wisc.edu). In order for everyone to have time to read over each other’s comments, these will be *due on email by 8 pm on the day before the seminar meets (i.e. Monday)*.

The policy reports should both analyze a problem and make appropriate recommendations or set out alternatives for a hypothetical client (whether public, private, or non-profit). I will hand out a list of possible topics later in the semester, but I encourage you to propose topics of your own. The policy reports may be produced individually or in teams. Grading for team projects will be based both on the quality of the joint product and on the assessment that your colleagues and I make of your contribution to it. All topics and team arrangements, both for reports and papers, must be agreed with me in advance, based on a short written proposal, *due on March 21*. All reports and papers are *due at the final class meeting on May 2*.

Weekly memos, class participation, and presentations will not be formally evaluated, but will account together for 50 percent of your final course grade. I will meet with each student individually midway through the semester to provide an interim performance assessment, and discuss possible areas for improvement. The policy report or research paper will account for the remaining 50 percent of your final grade.

## Reading

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

### *Required*

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

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

Hirst, Paul, and Grahame Thompson, *Globalization in Question*, 2<sup>nd</sup> revised edition (Cambridge: Polity, 1999).

### *Recommended*

Peer Hull Kristensen and Jonathan Zeitlin, *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation* (Oxford: Oxford University Press, 2004).

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 17)**

## **Part I: Comparative Perspectives**

### **2. Varieties of Capitalism and Modes of Governance (January 24)**

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

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.

Schmidt, Vivien A., 2002: *The Futures of European Capitalism* (Oxford: Oxford University Press), ch. 3, pp. 107-46.

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

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.

### **3. Liberal Market Economies (January 31)**

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

Hollingsworth, J. Rogers, 1997: "The Institutional Embeddedness of American Capitalism", in: Colin Crouch and Wolfgang Streeck (eds.), *The Political Economy of Modern Capitalism* (London: Sage), 133-47.

King, Desmond, and Stewart Wood, 1999: "The Political Economy of Neoliberalism: Britain and the United States in the 1980s", in Herbert Kitschelt et al. (eds.), *Continuity and Change in Contemporary Capitalism* (Cambridge: Cambridge University Press), 371-97.

Plender, John, 2003: *Going off the Rails: Global Capital and the Crisis of Legitimacy* (New York: Wiley), chs. 5-7, pp. 109-81.

Whitford, Josh, and Jonathan Zeitlin, 2004: "Governing Decentralized Production: Institutions, Public Policy, and the Prospects for Inter-Firm Collaboration in the United States", *Industry & Innovation* 11(4), 11-44.

### **4. Coordinated Market Economies (February 7)**

Dore, *Stock Market Capitalism: Welfare Capitalism*, chs. 2-11, pp. 23-239 (a light read).

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.

Jackson, Gregory, 2003: "Corporate Governance in Germany and Japan: Liberalization Pressures and Responses during the 1990s", in Yamamura and Streeck, *End of Diversity?*, 261-305.

## **5. Developmental States (February 14)**

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.

Keller, William W., and Richard J. Samuels (eds.), 2003: *Crisis and Innovation in Asian Technology* (Cambridge: Cambridge University Press), 57-107 (D.H. Whittaker, "Crisis and Innovation in Japan: A New Future through Technoentrepreneurship?" and Linsu Kim, "Crisis, Reform, and National Innovation in Korea").

Levy, Jonah, 2005: "Redeploying the State: Liberalization and Social Policy in France", in Kathleen Thelen and Wolfgang Streeck (eds.), *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford: Oxford University Press), 103-26.

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.

## **6. Neo-Corporatism and Social Concertation (February 21)**

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.

## **7. New Modes of Governance: Beyond Markets, Hierarchies, and Associations? (February 28)**

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

- Zeitlin, Jonathan, 2003: "Introduction: Governing Work and Welfare in a New Economy: European and American Experiments", in: Jonathan Zeitlin and David Trubek (eds.), *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford: Oxford University Press, 1-30.
- 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>.
- Eisner, Marc Allen, 2004: "Corporate Environmentalism, Regulatory Reform, and Industry Self-Regulation: Towards Genuine Regulatory Reinvention in the United States", *Governance* 17(2): 145-67.
- Karkkainen, Brad, Archon Fung, and Charles F. Sabel, 2000: "After Backyard Environmentalism: Toward a Performance-Based Regime of Environmental Regulation", *American Behavioral Scientist* 44(4): 692-711. (See also the debate on this piece in the *Boston Review*'s New Democracy Forum, Oct.-Nov. 1999, <http://bostonreview.net/ndf.html#Ecodemocracy>.)

## **Part II: International Issues**

### **8. The Challenge of Globalization (March 7)**

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, 4, 7, 9, pp. 1-65, 97-133, 191-227, 256-80.

"Measuring Globalization: Who's Up, Who's Down?", *Foreign Policy* May-June (2005): 52-60.

### **9. Multinational Enterprises or Global Firms? (March 21)**

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

Hirst and Thompson, *Globalization in Question*, ch. 3, pp. 66-96.

Add introduction to *World Investment Report* of the appropriate year.

Whitley, Richard, 2001: "How and Why Are International Firms Different? The Consequences of Cross-Border Managerial Coordination for Firm Characteristics and Behaviour" in Glenn Morgan, Peer Hull Kristensen, and Richard Whitley (eds.), *The Multinational Firm: Organizing Across Institutional and National Divides* (Oxford: Oxford University Press), 27-68.

Kristensen, Peer Hull, and Jonathan Zeitlin, 2004: *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation* (Oxford: Oxford University Press), Preface, chs. 1, 7, 8, pp. xii-xxii, 1-23, 157-211.

## **10. The Special Problems of Developing Countries (March 28)**

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., and Sanjay Reddy, 2002: "Learning to Learn: Cutting the Gordian Knot of Development Today", unpublished paper, Columbia University, <http://www2.law.columbia.edu/sabel/papers/newdawn.doc>.

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.

## **11. The Problem of Transitions (April 4)**

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.

Cui, Zhiyuan, 1998: “Whither China?”, *Social Text* 16(2): 68-81.

Guo, Sujian, 2003: “The Ownership Reform in China: What Direction and How Far?”, *Journal of Contemporary China* 12(36): 553-73.

## **12. The European Union (April 11)**

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

Wallace, Helen, 2005: “An Institutional Overview and Five Policy Modes”, in Helen Wallace, William Wallace, and Mark Pollack (eds.), *Policy-Making in the European Union*, 5<sup>th</sup> ed. (Oxford: Oxford University Press), 49-90.

Fioretos, Orfeo, 2001: “The Domestic Sources of Multilateral Preferences: Varieties of Capitalism in the European Community”, in Hall and Soskice, *Varieties of Capitalism*, 213-44.

Callaghan, Helen, 2004: “The Domestic Politics of EU Legislation: British, French and German Attitudes Towards Takeover Regulation, 1985-2003”, unpublished paper presented to the 14<sup>th</sup> International Conference of Europeanists, Chicago, March 11-13, <http://www.mpi-fg-koeln.mpg.de/people/hc/doks/2004%20CES%20paper.pdf>.

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

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

Sabel, Charles, and Zeitlin, Jonathan, 2005: “Learning from Difference: The New Architecture of Experimentalist Governance in the EU”, unpublished working paper, Columbia Law School/University of Wisconsin-Madison (to be supplied).

## **13. Transatlantic Economic Governance (April 18)**

Pollack, Mark A., and Gregory C. Shaffer (eds.), 2001: *Transatlantic Governance in the Global Economy* (Lanham, MD: Rowman and Littlefield), Introduction and Conclusion, pp. 3-42, 287-305.

Pollack, Mark A., and Gregory C. Shaffer (eds.), 2005: *The Future of Transatlantic Economic Relations: Continuity Amid Discord* (Florence: Robert Schuman Centre for Advanced Studies, European University Institute), Introduction and chs. 3 (trade), 6 (data privacy), 8 (biotechnology/GMOs), 9 (financial services), 10 (Transatlantic Business Dialogue), pp. 3-8, 39-59, 101-38, 167-308.

#### **14. Can International Civil Society Help Govern International Business? (April 25)**

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

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.

Keck, Margaret E., and Kathryn Sikkink, 1999: "Transnational Advocacy Networks in International and Regional Politics", *International Social Science Journal* 51(1): 89-101.

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

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.

Zeitlin, *Local Players in Global Games*, chs. 10-12, pp. 243-300.

#### **15. Business, Government, and Governance in the Global Economy (May 2)**

Wilson, *Business & Politics*, ch. 8, pp. 157-74.

Howse, Robert, and Kalypso Nicolaidis, 2003: "Enhancing WTO Legitimacy: Constitutionalization or Global Subsidiarity?", *Governance* 16(1): 73-93.

Stiglitz, Joseph: "Democratizing the International Monetary Fund and the World Bank: Governance and Accountability", *Governance* 16(1): 111-40.

Slaughter, Anne-Marie, 2000: "Governing the Global Economy through Government Networks", in Michael Byers (ed.), *The Role of Law in International Politics* (Oxford: Oxford University Press), 177-206.

Kingsbury, Benedict, Nico Krisch, and Richard B. Stewart, 2004: "The Emergence of Global Administrative Law", *International Law and Justice Working Papers* 2004/1, New York University School of Law, <http://www.iilj.org/papers/2004/documents/2004.1KingsburyKrischStewart.pdf>.

Cohen, Joshua, and Charles Sabel, 2005: "Administrative Law and Global Politics: A Possibility for Democracy?", forthcoming in *NYU Journal of International Law & Politics*, <http://www2.law.columbia.edu/sabel/papers.htm>.