

Course outline (Preliminary Draft as of August 28, 2012)

## **Political Science 490, Section 002**

### **Political Science 635**

## **Topics in Business and Politics: BUSINESS, POLITICS, and INTERNATIONAL DEVELOPMENT**

Fall Term, 2012

Instructor:

Dr. Frederick Bird

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### **Course description:**

In this course students will engage in comparative historical and contemporary studies of business practices and political processes in developing countries. In particular, students will examine both business practices, political activities, as well as the relationships between them to see how particular practices, activities, and relationships contribute to or frustrate inclusive and sustainable economic development.

### **Readings:**

Sylvia Maxfield and Ben Ross Schneider eds (1997) *Business and the State in Developing Countries* (Ithaca and London: Cornell University Press)

Antoinette Handley (2008) *Business and the State in Africa* (Cambridge University Press)

All other readings for the course will be included in a course packet specially prepared for this course, except for several readings available as electronic files.

### **Requirements:**

(Depending upon the number of graduate students enrolled in this course, somewhat different requirements will be developed for them)

**Quizzes:** There will be two short in class quizzes, October 26<sup>th</sup> (covering readings through October 19<sup>th</sup>) and one on December 3 (covering readings October 26<sup>th</sup> through December 3): 30% of total grade

**Presentations and Responses:** Each student will be expected to make two in-class presentations. One of these presentations, the regular presentation, should be based on one of the required reading for that class meeting. The alternative presentation, which may be given before or after the regular presentation, may take as its focus a topic chosen by the student related to the course. For this alternative presentation, students may report on recommended readings, preliminary ideas associated with their term paper project, or another topic area of their own choosing so long as it is related to the course. Students will be expected to prepare a brief handout to distribute to the class. At the time of the presentation or within one week of the presentation, student will be expected to turn in a written version of their presentation (2 to 5 pages). Students will also be expected to sign-up as respondents to the presentation of other students. (30% of total grade)

Term Paper: Students will be expected to write a 12-15 page term paper on a topic of their own choosing related to the course. An initial brief statement of possible term paper topics will be due on October 12 and a preliminary outline of the term paper will be due November 12). The final version of the paper will be due December 10th. (40% of total grade)

## **Course Outline:**

### **September 14: Introduction to course**

**Review of basic concepts: politics, business, and international development**

**Review of basic issues**

**Review of course requirements.**

#### Readings:

Joseph Stiglitz: "The Multinational Corporation" *Making Globalization Work* (2007), chp 7, 187 - 210

Ann Bernstein: "The Case for Business in Development Economics" Center for International Private Enterprise. (2011)

#### Recommended Reading

David Korton (1995) *When Corporations Rule the World*

### **September 21: Models for Business, Politics, and International Development**

#### Readings:

Sylvia Maxfield and Ben Ross Schneider (1997) "Business, the State, and Economic Performance in Developing Countries" *Business and the State in developing Countries*, eds Maxfield and Schneider, chp 1, pages 3-35

Stephen Haggard, Sylvia Maxfield, and Ben Ross Schneider (1997) "Theories of Business and Business-State Relations" *Business and the State in developing Countries*, eds. Sylvia Maxfield and Ben Ross Schneider, chp 2, pages 36 – 60.

Ian Bremmer (2009) "State Capitalism Comes of Age" *Foreign Affairs* (May/June)

#### Recommended Reading:

Frederick Bird "Rethinking the Bottom Line: International Business and Global Poverty" electronic file

Daron Acemoglu and James A. Robinson (2012) "The Making of Prosperity and Poverty" *Why Nations Fail*, chapter 3.

William J. Baumol, Robert E. Litan, and Carl J. Schramm (2007) "Entrepreneurship and Growth: A missing Piece of the Puzzle" and "Unleashing Entrepreneurship in Developing Economies" *Good Capitalism Bad Capitalism: and the Economics of Growth and Prosperity*, chp 1

**September 28: Historical accounts of businesses that have massively shaped political processes:** The Dutch East India Company, The English East India Company, Union Miniere in the Congo, and the United Fruit Company in Guatemala

Readings:

Daron Acemoglu and James A. Robinson (2012) "Reversing Development: How European Colonialism impoverished large parts of the world" *Why Nations Fail*, chapter 9, pages 245 – 273.

Daniel Litvin (2003) "The Corruption of the Mulguls: the English East India Company" and "Jungle Culture: The United Fruit Company" *Empires of Profit: Commerce, Conquest, and Corporate Responsibility*, chapters one and four, pages 11-44,113-141.

Madelaine Drohan (2003) "Union Miniere in Katanga" *Making a Killing: How and Why Corporations Use Armed Force to do Business*, chapter 4. Pages 94 – 133.

Recommended Reading:

Stephen Kinzer (2003) *All the Shah's Men: An American Coup and the Roots of Middle East Terror*

**October 5**

No class scheduled this week

**October 12: Some contemporary examples of businesses that have massively influenced political process in Indonesia, Iraq, and elsewhere**

Readings:

John Perkins (2004) *Confessions of an Economic Hit Man*, pages 14 – 39

Naomi Klein (2007) "Iraq: Full Circle: Overshock" *The Shock Doctrine: The Rise of Disaster Capitalism*, part Six, pages 391 – 460.

Recommended readings:

Karl Schoenberger (2000) *Levi's Children: Coming to Terms with Human Rights in the Global Marketplace*, especially chapters 3 and 5.

**October 19: Various Expressions of Corruption**

Readings:

Raymond W. Baker (2005) *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-Market System*, pages 23- 49, 163 – 173.

Sarah Bracking (2007) "Political Development and Corruption: Why 'Right Here, Right Now?'" *Corruption and Development: The Anti-Corruption Campaigns*, chapter one, pages 3 – 27

Case Study:

Frederick Bird: "Questionable, initially off-budget payments" Electronic File

Recommended Readings:

Robert Klitgaard (1988) *Controlling Corruption*

Robert Klitgaard (1990) *Tropical Gangsters*

## **October 26: Enclave Development and the Resource Curse**

Readings:

Macartan Humphreys, Jeffrey Sachs, and Joseph Stiglitz (2007) "Introduction: What is the Problem with Natural Resource Wealth? *Escaping the Resource Curse* Macartan Humphreys, Jeffrey D. Sachs, and Joseph Stiglitz eds., Chapter 1, pages 1-20.

F. Wu (2009) "Export Processing Zones" (Elsevier), pages 691 – 696.

Frederick Bird (2004) "Wealth and Poverty in the Niger Delta" *International Businesses and the Challenges of Poverty in the Developing World*, eds. Frederick Bird and Stewart W. Herman, chapter 2, pages 34 – 63. Available as Electronic File.

Recommended Readings:

Naomi Klein (2001) *No Logo*, chapter nine "The Discarded Factory"

Aradhna Aggarwal (2006) "Special Economic Zones: Revisiting the Policy Debate" *Economic and Political Weekly*, Vol. 41. No., 43/44 (Nov 4- 10, 2006), pages 4533-4536.

Case Studies: Possible case studies of Canadian mining firms in DRC, Chile, etc.

## **November 2: Business and Political Processes in Neo-Patrimonial States**

Readings:

Antoinette Handley (2008) *Business and the State in Africa*, "Introduction: The African Business Class and Development" and Chapter Six "Business and Government in Zambia: Too close for Comfort" pages 1-25, 207 – 241.

Recommended Readings:

Antoinette Handley (2008) *Business and the State in Africa*, chapter 4 and 5 "The Emergence of Neo-Patrimonial Business in Ghana, 1850 – 1989" and "State-dominant Reform: Ghana in the 1990s and 2000s" pages 139 – 206.

## **November 9: Business and Politics: Review of Examples of Constructive Engagement, One, Focus on South Africa**

Readings:

Antoinette Handley (2008) *Business and the State in Africa*, " chapter 1 and 2 "Ethnicity, race, and the Development of the South African Business Class, 1870 -1989" and "The Neo-Liberal Era in South Africa: Negotiating Capitalist Development" pages 29 – 100.

Case Studies: possible case studies of Toyota, the mining industry, and the Wine Industry in South Africa

Recommended Readings:

Williamson re Sullivan Principles

**November 16: Business and Politics: Review of Examples of Constructive Engagement, Two**

Readings:

Karl Fields (1997) "Strong States and Business Organization in Korea and Taiwan" *Business and the State in Developing Countries*, eds. Sylvia Maxfield and Ben Ross Schneider, chapter 5, pages 122- 151.

Kunal Sen and Dirk Willem Te Velde (2009) "State Business Relations and Economic Growth in Sub-Saharan Africa," *Journal of Development Studies*, Vol. 45, No. 8, pages 1267 – 1283.

Tim Short (2008) "Sustainable Development in Rwanda: Industry and Government" *Sustainable Development*, Vol. 16, pages 56 -69

Recommended Readings:

Rosemary Thorp and Francisco Durand (1997) "A Historical View of Business-State Relations: Colombia, Peru, and Venezuela Compared," *Business and the State in Developing Countries*, eds. Sylvia Maxfield and Ben Ross Schneider, chapter 8, pages 216 – 236.

Kunal Sen and Massimiliano Cali (2011) "Do effective State Business Relations Matter for Economic Growth? Evidence from Indian States" *World Development*, Vol. 39, No. 9, pages 1542 – 1557.

**November 23: Managing the Resource Curse, Overcoming Enclave Development**

Readings:

Joseph Stiglitz (2007) "What is the Role of the State?" *Escaping the Resource Curse, op cit.* Chapter 2, pages 23- 52.

Michael L. Ross (2007) "How Mineral Rich Countries Can Reduce Inequality" *Escaping the Resource Curse op cit.*, chapter 9, pages 237 – 255

Terry Lynn Karl (2007) "Ensuring Fairness: The Case for as Transparent Social Contract" *Escaping the Resource Curse Op Cit.* , chapter 10, pages 256 – 285.

**November 30: Businesses as National and Global Citizens**

Readings:

Extractive Industry Transparency Initiative (Read web site; re History, Basic Principles, Case Study on Nigeria)

Global Compact (read web page, especially sections "About Us" "Progress and Disclosures" and Issues"

Frederick Bird (2006) "Towards a Political Ethic for International Business" *Just Business Practices in a Diverse and Developing World* eds. Frederick Bird and Manuel Velasquez, chapter 4, pages109 – 136.

Available as an Electronic File.

**Cross-listed course:**

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

**Academic Integrity:**

**Academic Integrity:** In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline, <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>.

**Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>.

**Appeals:** A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>.

**Academic Integrity website (Arts):**

[http://arts.uwaterloo.ca/arts/ugrad/academic\\_responsibility.html](http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html)

**Academic Integrity Office (uWaterloo):** <http://uwaterloo.ca/academicintegrity/>

**Accommodation for Students with Disabilities:**

**Note for students with disabilities:** The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.