



FALL 2021

BGS 374: BUSINESS AND GLOBAL POLITICAL ECONOMY

KISHORE GAWANDE

(Pronouns: he/him/his)

OFFICE HOURS: M W 11-12 & BY APPOINTMENT

CLASSROOM AND TIMINGS:

- SZB 370 M W 9:30-11 AM

COURSE OBJECTIVE:

The course will explore the relationship of business to its many stakeholders in the global context. These stakeholders include governments, bureaucrats and citizens. The goal of the course is to prepare you, as future managers in a global world, to develop effective business strategy. Because global business strategy involves both unforeseen risks and costly investment of resources, it is crucial to understand the sources of future opportunities as well as future uncertainty. We will see how applying political economic analysis can open the door to viable market and non-market strategies in global business.

The course is mostly case-based, with few lectures.

The course is divided into two parts.

- The first part is designed to gain a deep understanding of political economy from the experience of countries. A country-case is analyzed for its political economy context, followed by a business-case situated in this environment which requires strategic decision-making by a manager.
- The second part is issue-based, covering International Institutions, Trade Disputes, Global Supply Chains, the Resource Curse and Monopolies. Institutional cases and business cases that highlight an issue in the political economy context of a country will be used. How do we approach business strategy in such circumstances?

LEADERSHIP AND THIS COURSE

The McCombs program is designed to develop influential business leaders. The McCombs Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

This course is designed to enhance your knowledge and understanding of the international context in which many of you will manage business. In developing a worldview of business and society, you will be faced with challenges that are outside your zone of comfort and experience. Additionally, through class discussion, and group-work you will enhance your communication and collaboration skills.

COURSE MATERIAL:

- I will expect you to read the material assigned for the class before you come to class.
- There will be extensive class discussions during the case analyses
- I may cold call and award participation points.

Class Materials:

- On the Canvas class folder, I will post information relevant to each class, a week in advance. Please read it for your case preparation: <http://canvas.utexas.edu/>
- Please purchase the case packet from Harvard Business School Publishing. The set of cases you need for this class are at: <https://hbsp.harvard.edu/import/855042>
- While I don't require it, I encourage you to purchase a subscription, for at least this semester, to my favorite magazine *The Economist*. It keeps me informed about Global Political Economy like no other journal. Keeping up with it will raise the quality of your class discussion contribution. It will enhance your final case as well. Subscribe at: <http://www.economist.com/>

GRADING:

The course will be graded on:

- Contributions to Class Discussion **(40%)** for in-class discussion *every* class.
 - I will indicate issues around which to prepare the case in a note posted on Canvas a week or so before the Case. Please regularly check Canvas.
 - I will participate only about 20-25% of the time during case discussions. 75-80% will be by the class. It is therefore important to come prepared to discuss the case.
 - I will assign Discussion Points each class as follows:
 - 5 for attending.
 - 6-7 for summary comments related to the case or article.
 - 8-10 points for comments that are original and move the discussion into interesting areas.
- Two Mid-term **(15% + 15%)**. These are in-class exams. They will have multiple choice questions plus one or two short essay questions, based on cases we have discussed.
- An original case write-up and presentation **(30%** for final presentation and write-up).
 - This is your “final exam”. You will write and present an original case study in groups of three. You may choose the persons with whom you want to form your group.
 - The cases should apply lessons learned in class and in areas/regions in which you have become interested. It should be beyond ordinary in analysis and creativity. A pre-presentation is required on April 20 (which will not be graded). I encourage meeting with me soon after Spring break, once you have formed your group and thought about a topic.

Important dates are noted in the class schedule below.

Important Note: In order that we get the best from the McCombs classroom experience, let's create an atmosphere that is respectful to your fellow students and allows us to learn from each other:

- **All our classes are in-class:** Because of the discussion-based nature of the class, I request everyone to wear masks in class. I will be wearing one throughout the class.
- **Please arrive to class on time.**
- **Please come fully prepared for each class.** Otherwise your learning from the class as well as your contribution to our learning will be limited.
- **Please be tolerant and respectful of everyone's views.** Disagreements will naturally arise, and we will resolve those through reasoned debate.
- **Please put away your laptops and tablets.**
I understand the need to use these devices, but they also make it tempting to email and text, which can be very distracting even if you think it is not. If you absolutely feel that an electronic device is necessary for your learning, please let me know beforehand.
- **Please turn off your phones.** If you need to urgently make or receive a call or text, please feel free to step outside of class to attend to it.

Class Schedule

PART 1: Business and Political Economy Across Countries

AUGUST

25

Introductory class

-- SWOT + PEST framework for Political Economy Analysis

Case: Tata Motors in Singur: Public Purpose and Private Property

■ **Next 2 classes: Framework for Market and Non-Market Strategy**

30

Lecture and Discussion: Non-Market Strategy

-- *Article 1* (required): David P. Baron. Integrated Strategy: Market and Nonmarket Components. *California Management Review*. Winter 1995: 47-65.

-- *Article 2* (optional): David Bach and David B. Allen. What Every CEO Needs to Know about Nonmarket Strategy. *MIT Sloan Management Review*. Spring 2010: 40-48.

--*Case: Tata Motors in Singur (from last class)*

SEPTEMBER

1

Business and Political Economy: Nonmarket Strategy in Trade

-- *Case: Google's Nonmarket Environment*

6

HOLIDAY- Labor Day

8

Political Economy of India

-- *Case: India 2014: The Challenges of Governance*

13

Business and Political Economy in India: Corruption

-- *Case 1: Wal-Mart Lobbying In India?*

-- *Case 2: Infosys in India: Building a Software Giant in a Corrupt Environment?*

15

Political Economy of China (1):

-- *Case: China: "To Get Rich Is Glorious"*

- 20 Business and Political Economy in China: Internet, Media and Governance
-- *Case: Google In China*
- 22 Political Economy of Malaysia (a wood-resource rich country)
-- *Case: Forest Policy in Malaysia*
- 27 Business and Political Economy in Malaysia: NGOs as “Institutions”
-- *Case: Of Orangutans and Chainsaws: Cargill Inc. Confronts the Rainforest Action Network Advocacy*
- 29 Business and Political Economy: Inside an MNE Supply Chain
-- *Case: Sustainability at Siemens*

OCTOBER

- 4 Business and Political Economy in Russia: Assessing Political Risks
-- *Case: Journey to Sakhalin: Royal Dutch/Shell in Russia (A)*
- 6 Business and Political Economy in Brazil: State’s Rights
-- *Case: Dell’s Dilemma in Brazil: Negotiating at the State Level*
- 11 **Mid Term 1 (First 25 minutes)**

Business and Political Economy in Brazil: Institutions and Business
-- -- *Case: Doing Business in Brazil after Operation Car Wash*

Note: Important Events ahead:
FINAL CASE.

Pre-presentation on Wednesday NOVEMBER 17 (5 minutes)
Final Case presentations in DECEMBER (Dates TBD)
Final Case Write-Up DECEMBER (Date TBD)

PART 2: Business and Political Economy: Issues & Institutions

A. Institutions: Political economy and institutions are very interrelated ideas. Next 4 classes.

13 **What do we mean by “Institutions”?**

--Acemoglu Framework

[Lecture format - kg]

--What are the impacts of Covid-19 on “Institutions”?

[Class discussion]

18 • **Institutions: How they come to be**

Testing the Framework. Who “makes” Institutions?

-- *Case:* Russia: The End of a Time of Troubles?

-- Handout on the final case and presentation

Reminder: Pre–Presentation of your Finals Case in 2 weeks

-- Please have your groups formed so you can start to discuss and develop your main idea.

20 • **Covid-19 and the world economy: After the outbreak**

-Some Macroeconomics (and data and graphs)

[Lecture format - kg]

-The U.S. CARES Plan (Covid-19 Economic Stabilization)

-The World Economy in 2021

[Discussion based on materials]

25 The Future of Work

[Discussion based on materials]

B. Global Trade, Political Economy and Institutions Next 3 classes

27 Lecture & Discussion: US-China Trade War

-- Trade Wars (US-China)

-- Are supply chains to defeat Covid-19 vulnerable?

[Discussion based on materials]

NOVEMBER

- 1 --Germany and the EU: The Central Player
--*Case*: Merkel's Germany (new Yorker article)
- 3 -- Impact of Brexit on UK and EU?
-- What do trade institutions look like after Covid-19?
[Discussion based on materials]
- C. The "New" Economy: Market and Nonmarket Strategy. Next 5 classes.**
- 8 Africa: Can technology resolve institutional voids?
--*Case*: Blockchain and the Movement of Value in Africa
- 10 Business and Political Economy: Can Network Effects be Regulated?
-- Facebook vs Governments (NY Times article)
https://www.nytimes.com/2017/09/17/technology/facebook-government-regulations.html?_r=0
- 15 Big tech and power: Is Amazon a Monopoly?
-- Amazon's Antitrust Paradox (Yale Law Journal article)
<https://www.yalelawjournal.org/note/amazons-antitrust-paradox>
Kara Swisher article - NYT.
- 17 Pre-Presentation of your Finals Case Write-Up**
-- Short (5 minute) presentation by each group. Main ideas should be developed by this stage.
Take Home MID TERM 2 (due T 11/23)
- 22 Covid Economy: *The Daily* podcast (11/2020)
MT 2 Due T 11/23 (8 pm)
- 24 THANKSGIVING BREAK
- 29 Class Evaluations (first 15 minutes)
Business and Political Economy: Circling back.
Vox podcase: Raj Chetty (interviewed by Ezra Klein)
<https://www.vox.com/2019/8/15/20801907/raj-chetty-ezra-klein-social-mobility-opportunity>

DECEMBER 1 Case Presentations I

DECEMBER 6 Case Presentations II

DECEMBER 8 Case Presentations III

DECEMBER 13 (Monday) 9AM Final Write-up Due.

Please email in your paper

**Note: Grades need to be posted 12/16 so no exceptions to the 12/13 9AM rule.
I will send instructions on email for uploading your Final paper.**

Academic Dishonesty

We have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System apply to all of us. As a University of Texas student, you agree to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, please ask me for clarification.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at:

<https://diversity.utexas.edu/disability/>

Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

The course is in-class. However, if circumstances require us to switch to Zoom:

- Once you click on “BGS 374” on Canvas, at the bottom of the page on the left is the Zoom link through which you enter the class.
- If you haven’t installed Zoom yet, a helpful student wiki: <https://wikis.utexas.edu/display/MSBTech/Student+Online+Instruction+Wiki>.
- **Webcams must be turned on at all times** and all of us must be clearly identifiable.
- Please participate in classes **from locations that minimize distractions** (privacy of your own space is best).
- Webcams must be turned on at all times and all of **us must be clearly identifiable**.
- **Please do not independently record** video or text communications from the class (see below).
- **Sharing of Course Materials is Prohibited:** No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University’s Student Honor Code and an act of academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.
- **Class Recordings:** Class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.