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Spring 2013, Tues. and Thurs. 12:20-1:45  
Harkness Hall 305  
<http://www.rochester.edu/College/PSC/primodavid>

## PSC 244K

### Politics and Markets: Innovation and the Global Business Environment

This Version: January 17, 2013

#### Course Description

Innovation is a driving force behind the massive increase in wealth in the world in the 20th century, and the globalization of business is causing changes in the world's economy that we are only beginning to understand. In this course, we will study several key business strategies and how they are affected by government institutions. We will then spend several weeks studying business strategy in the international organizations. Class meetings will be a mix of lecture and discussion, use real world cases and organizational case studies. You will be a mix of lecture and discussion, use real world cases and organizational case studies. You will be a mix of lecture and discussion, use real world cases and organizational case studies. By the end of the course, you will have a stronger understanding of how businesses shape and are shaped by government policies. There are no prerequisites for this course, though some exposure to political science or economics is useful.

#### Readings

There is one required textbook for the course, *Business and Its Environment*, 7th ed. by David P. Baron. Two copies of the textbook are on 2-hour reserve in Bush Rhee Library. Additional required readings are available in the class. You should place your copy of the textbook, course page, and assignments in the box also be placed here.

#### Course Requirements

- **Exams**

There will be three closed book exams in the course on February 19, March 28, and April 20. There is no final exam. *Make-up exams are not given; exceptions are rarely granted.*

You will be asked to analyze a case or answer reading questions for certain classes (indicated by "HW D") on the syllabus. Questions are available in the Assignments section of Blackboard. In order to receive credit, answers should reflect careful thought. Assignments are due in class on the day the case or class is discussed. *Late assignments will not be accepted.*

#### Grading

- **Exams** each count toward 30 percent of your grade.

**Analysis Questions** collectively count toward 10 percent of your grade. You are required to turn in 6 assignments to receive full credit for this portion of your grade. If you turn in fewer than 6 assignments, your grade will be reduced proportionally. For instance, if you turn in only 5 assignments, you will receive 8.2 out of 10 points for this portion of your grade.

#### Teaching Assistant

There is one teaching assistant for this course. The TA is available to answer your questions about course material. The TA is also authorized to address your questions regarding exam and homework grading. *The TA is also authorized to address your questions regarding exam and homework grading.*

Trung Dang  
Harkness Hall 305, [tdang@z.rochester.edu](mailto:tdang@z.rochester.edu)  
Office Hours: Tues. and Thurs. 2-3

## Course Meetings

**Note 1:** Exam dates are set in stone. I am in the process of finalizing dates for guest speakers on the dates listed below. I will give you plenty of advance notice from my calendar to review the calendar and confirm what material will be covered on each exam.

**Note 2:** Chapters and page numbers refer to the Baron text; non-textbook readings are listed by author last name or title (if no author) and are available on Blackboard. Readings will be discussed on the days listed. For instance, the readings for innovation and integrated strategy will be covered on January 29.

### 1. Thursday, January 17: Introduction

### 2. Tuesday, January 22: Foundations of an Innovative Society

**Reading:** Baumol, Litan, and Sahramm; Litan and Sahramm

### 3. Thursday, January 24: Types of Innovation

**Reading:** Baumol

**Reading:** Ch. 1 (pp. 1-5); Ch. 2 (pp. 30-47)

**HW Due:** Analysis questions

### 5. Thursday, January 31: Intellectual Property - Patents

**Reading:** Chapter 14 (pp. 380-387); Intellectual Property Law

**Case:** Smartphone Patent Wars - read Martin et al. and Wolf

### 6. Tuesday, February 5: Intellectual Property - Copyright and Trademark

**Reading:** Read Chapter 14 (pp. 380-387) and Intellectual Property Law, Hanftel and

Sprigman; Loten

**HW Due:** Analysis questions

### 7. Thursday, February 7: The Pharmaceutical Industry

**Reading:** Yang

### 8. Tuesday, February 12: Intellectual Property in an International Context

**Reading:** Chapter 19 (p. 527); World Trade Organization; Reichman

**Case:** Compulsory Licensing, Thailand, and Abbott Laboratories (pp. 545-549)

**HW Due:** Analysis questions on Blackboard [not the questions at the end of the case]

### 9. Thursday, February 14: Internet Privacy and Innovation

**Reading:** TBA

### 10. Tuesday, February 19: Exam 1 (covers classes 2 through 8)

### 11. Thursday, February 21: Guest Speaker - Occupational Licensing as a Barrier to Entry

**Speaker:** Robert McNamara, Senior Attorney, Institute for Justice

**Reading:** Carpenter et al.; Goldstein; McArdle

**HW Due:** Analysis questions

**12. Tuesday, February 26: Google and the Antitrust-Innovation Tension**  
Reading: Auletta; Google; Schmidt; Stoppelman; Efrati and Kendall; Romm  
HW Due: Analysis questions

**13. Thursday, February 28: Financial Innovation**  
Reading: TBA

**14. Tuesday, March 5: Integrated Strategy in a Global Context**  
Reading: Ghemawat  
HW Due: Analysis questions

**15. Thursday, March 7: International Trade**  
Reading: Chapter 19 (pp. 519-540)

**16. Tuesday, March 19: Japan**  
Reading: Chapter 14 of Baron, 6<sup>th</sup> edition (Blackboard)  
Case: Toys 'R' Us and Globalization (pp. 552-556)  
HW Due: Analysis questions on Blackboard [not the questions at the end of the case]

**17. Thursday, March 21: Guest Speaker Placeholder**

**18. Tuesday, March 26: The European Union**  
Reading: Chapter 15 (pp. 417-425, 434-439)  
Case: The Euro-Crisis (pp. 444-447)

**19. Thursday, March 28: Exam 2 (covers classes 9, 11, 17)**

**20. Tuesday, April 2: China**  
Reading: Chapter 16 (pp. 448, 453-470)  
Case: Google in China (pp. 472-476); Google out of China (pp. 699-702)  
HW Due: Analysis questions on Blackboard [not the questions at the end of the case]

**21. Thursday, April 4: Emerging Markets**  
Reading: Chapter 17 (pp. 477-493); Immeit et al.  
Case: TBA

**22. Tuesday, April 9: Guest Speaker Placeholder**

**23. Thursday, April 11: Ethics in the Global Arena**  
Reading: Chapter 24 (pp. 681-690); Nike in Southeast Asia (pp. 95-97); Silverstein; Kristof; Wingfield; Mozur  
HW Due: Analysis questions on Blackboard

**24. Tuesday, April 16: Corruption and Bribery in a Global Context**  
Reading: Chapter 24 (pp. 691-699); Easterly; Eisman; Palazzolo  
Case: Siemens: Anatomy of Bribery (pp. 704-706)

**25. Thursday, April 18: Guest Speaker (Topic TBA)**  
Speaker: Scott Rishbaum, Operating Partner, Kohlberg and Company  
Reading: TBA

26. Tuesday, April 23: TBA
27. Thursday, April 25: Course Wrap-Up
28. Tuesday, April 30: Exam 3 (covers classes 18, 20-27)

**Required Readings on Blackboard (These readings, and any readings added after the semester begins, will be made available in the Reserves section of Blackboard)**

Baumol, William J., Robert E. Litan, and Carl J. Schramm. 2007. *Good Capitalism, Bad Capitalism, and the Economics of Growth and Decline*. New Haven: Yale University Press, ch. 5.

Litan, Robert E., and Carl J. Schramm. 2012. *Better Capitalism: Restoring the Entrepreneurial Strength of the American Economy*. New Haven: Yale University Press, ch. 1.

Baumol, William J. 1990. "Entrepreneurship: Productive, Unproductive, Destructive." *Journal of Political Economy* 98(5, Pt. 1):893-921.

Intellectual property law, selected provisions

Martin, Laura, Charlie Wolf, and Dan Medina. 2012. "Patent Wars: War Zone Economics." *Needham Insights Report*, April 18.

Wolf, Charlie P. 2012. "W-16D: 41-24, 41-25, 41-26, 41-27, 41-28, 41-29, 41-30, 41-31, 41-32, 41-33, 41-34, 41-35, 41-36, 41-37, 41-38, 41-39, 41-40, 41-41, 41-42, 41-43, 41-44, 41-45, 41-46, 41-47, 41-48, 41-49, 41-50, 41-51, 41-52, 41-53, 41-54, 41-55, 41-56, 41-57, 41-58, 41-59, 41-60, 41-61, 41-62, 41-63, 41-64, 41-65, 41-66, 41-67, 41-68, 41-69, 41-70, 41-71, 41-72, 41-73, 41-74, 41-75, 41-76, 41-77, 41-78, 41-79, 41-80, 41-81, 41-82, 41-83, 41-84, 41-85, 41-86, 41-87, 41-88, 41-89, 41-90, 41-91, 41-92, 41-93, 41-94, 41-95, 41-96, 41-97, 41-98, 41-99, 41-100." *Needham Insights Report*, October 1. Read pp. 19-24 only.

Raustiala, Kal, and Christopher Sprigman. 2012. *The Knockoff Economy: How Imitation Sparks Innovation*. New York: Oxford University Press, ch. 2.

Loten, Angus. 2012. "New Tool in Trademark Fights." *Wall Street Journal* (online), February 23.

Yang, David. 2012. "Global Business: New Drugs and Creative Treatments Have Been Delayed, and Affect." *This Week in Law* 32:74-75. Read pp. 74-75.

World Trade Organization. 2011. *Understanding the WTO*, 5<sup>th</sup> ed., pp. 39-43.

Reichman, Jerome H. 2009. "Compulsory Licensing of Patented Pharmaceutical Inventions: Evaluating the Options." *Journal of Law, Medicine, and Ethics* 37:247-263. Read pp. 247-250 only.

Armenian, Ilia, Lisa K. Nepper, Angela Erickson, and Iann K. Rose. 2012. "License to Work: A National Study of Burdens from Occupational Licensing." *Institute for Justice Report*, May.

Goldstein, Jacob. 2012. "So You Think You Can Be a Hair Braider?" *New York Times Magazine*, June 17, p. 20(L).

MaArdle, Megan. 2012. "Why You Can't Get a Taxi." *The Atlantic Monthly*, May, pp. 20, 22, 23, 26.