**IR 324—Multinational Enterprises and World Politics**

Monday/Wednesday/Friday 12:00-12:50  
Dr. Douglas Becker

VKC 42A

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Office Hours: MWF 1:00-2:00 or by appointment

Multinational corporations have played an important role in global politics for several centuries. Ranging from the role of the East India Company in forming British colonial policies in South Asia, to the role of American MNC economic interests in promoting the Open Door in China, multinational corporations have helped to shape the global order. But international relations has a remarkably underdeveloped theoretical foundation for how these corporations act. This course seeks to address this gap, introducing students to some new theorizing and empirical work explaining the role of MNCs. In particular, this course will consider the interaction between MNCs, nation-states, global governance, and non-governmental organizations.

This course will address the following questions:

1. What has been the historical role of MNCs in world politics? Has this role grown as significantly as many analysts suggest, with the advent of globalization and a global drive toward liberalization? What is the impact of these changes?
2. Why do MNCs choose to invest overseas? What are the financial, political, economic, and legal incentives for MNCs to invest in multiple nations?
3. What is the impact of MNCs on the economic and political development in the investment host country? What exactly is the relationship between economic development and MNCs? In particular, what is the relationship between the intentional development programs from states, the targeted goals of the Sustainable Development Goals of the UN system, and the ability of these states to reach these targets via foreign direct investment?
4. What are the international political relationships between host governments, home governments, and MNCs? What types of moral suasion can NGOs or home governments place on MNCs in considering their corporate social responsibility alongside their investment motives? In short, how much are MNCs concerned with their public profiles on CSR in comparison to profit motivation?

So in essence, we will examine why MNCs choose to invest overseas, what impacts they have, and what role that global governance and NGOs can play at ensuring these impacts are increasingly positive.

The grades for this course are as follows:

Research paper 30%

mid-term 20%

final 30%

Case briefings 15%

class participation 5%

Students will prepare a research project examining one of these topics. All research paper topics should be approved by the instructor, and there are two distinct approaches. You may research a broad theoretical or empirical topic that cuts across multiple cases, or you may choose to examine a specific company or industry within a nation or region and compose an in-depth cases analysis. The mid-term is an in-class exam that will test both the student’s knowledge of material presented and a critical thinking essay. The final is comprehensive and is in-class as well, with both an objective portion and an essay which should engage your critical thinking. We will have six case discussion from the Harvard Business Case catalogue:

1. September 1, Distance Still Matters
2. September 22, Play it Safe or Take a Risk Abroad
3. September 20: lKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor
4. October 27, Royal Dutch Shell in Nigeria
5. November 10: Greening Walmart: Progress and Controversy
6. November 17: Socially Responsible Pricing: Lessons from the Pricing of AIDS drugs in Developing Countries

Each of these cases much be read prior to the class. We will spend the entire class meeting discussing these cases in depth. The student then will prepare a short, one-page brief containing both a quick synopsis of the key points and recommendations on a key decision, outlines in a prompt handed out at the end of the class meeting. They are intended to persuade a key decision-maker (identified within the prompt) to the student’s recommendations based on the case. The case briefing grade is computed based on the five highest grades received for the assignments. The student will drop the lowest case brief grade (including taking a 0 on one). No late work for case briefings is accepted. Class participation is required, which includes attendance of the class, demonstration of prior completion of the reading, and thoughtful response to questions posed**.** Participation in case discussions is the surest way to bolster your class participation grade. **The penalty for late work is 5 points a day.** When work is turned in late, you may email me a copy only to establish when it was completed. I do not accept emailed copies of papers, but only hard copies. The only excuses accepted are University sanctioned excuses and must be documented. Also, this course will follow all of the guidelines for reasonable accommodations laid out in the University Handbook.

The books for this class are as follows:

Jeffrey Friedan, David A. Lake and I. Lawrence Broz. International Political Economy. 5th edition. W. W. Norton, ISBN: 9780393935059  
Haley Sweetland Edwards, Shadow Courts: The Tribunals that Rule Global Trade. Columbia Global Reports, ISBN: 9780997126402

John Ruggie. Just Business: Multinational Corporations and Human Rights. W. W. Norton, ISBN: 9780393062885  
Eric Rugraff and Michael W. Hansen, Editors. Multinational Corporations and Local Firms in Emerging Economies. Amsterdam University Press, 2011, ISBN: 9789089642943

Harvard Business Case Packet

Outline of the Course

1. What is a Multinational Corporation and What is their History in World Politics
2. Why do Multinational Corporations Invest Abroad
3. What is the Impact of Multinational Corporations and Foreign Direct Investment on the Economic Development of the Host Country
4. The Impact of Multinational Corporation Investments on the Home Government—Does Outsourcing Matter?
5. Governance and Regional Trade
6. Challenges And Controversies of Corporate Behavior
   1. Human Rights and Conflict
   2. Labor Rights and Practices
   3. Environmental Challenges and the Greening of Business
   4. Intellectual Property and Technology Transfer in Human Security Industries
   5. Building Transparency and Avoiding Corruption
7. Voluntary Corporate Strategies and Social Responsibility

August 21: Introduction and Hand out Syllabi

PART 1: WHAT IS A MULTINATIONAL CORPORATION AND WHAT IS THEIR HISTORY IN WORLD POLITICS?

23: What is a Multi-National Enterprise?

Freiden et al, “Introduction” in Frieden reader, pgs 1-19

Richard E. Caves “The Multinational Enterprise as an Economic Organization” in Frieden reader, pgs 157-168

25: The History of MNCs and World Politics—the Case of the British East India Company

Markman Ellis and Richard Coulton, Empire of Tea pgs 53-72; 202-219; 267-275 **Blackboard**

Jeffry A. Frieden, “International Investment and Colonial Control: A New Interpretation, Freiden Reader, pgs 119-138

Part 2: WHY DO MULTINATIONAL CORPORATIONS INVEST ABROAD?

28: Why do Firms Invest Abroad?

Elhanan Helpman et al, “Export Versus FDI with Heterogenous Firms” **Blackboard**

Stephen Ross Yeaple, Firm heterogeneity and the structure of U.S. multinational activity,” Journal of International Economics (2009) pgs 206-215 **Blackboard**

30: MultInational Corporations and Global Production

Theodore Cohn, Global Political Economy, pgs 313-362 **Blackboard**

September 1: **Case Study 1: Distance Still Matters, from Case Packet**

4: Labor Day, no class

6: How Global are MNCs? Regionalism, Internationalism, and the Importance of the Local Market

Alan Rugman and Alain Verbeke. How global are TNCs from emerging markets? In Karl Sauvant (Ed.), The rise of transnational corporations from emerging markets, 2008, pp. 86–108. **Blackboard**

**Case Briefing #1 due**

8: The Local Market in a Globalized Industry—the case of Globalized Wine Markets

Mike Veseth, Wine Wars, pgs 27-94 **Blackboard**

11: MNCs and Political Risk

The Political Risk of MNCs—Challenges to Overseas Investments

Benjamin A.T. Graham et al, “A Unified Model of Political Risk” **Blackboard**

13: Globalization, Poverty, and the role MNCs on State Policies

David Dollar, “Globalization, Poverty, and Inequality since 1980” Frieden and Lake, pgs 447-467

Jeffrey Williamson, “Globalization and Inequality, Past and Present” Frieden and Lake, pgs 474-485

Jeffry A Freiden, “Globalization and Exchange Rate Policy.” Frieden and Lake, pgs 286-296

15: Is inequality growing as a result of globalization and MNC investments?

Thomas Piketty, “Capital in the 21st Century” pg 339-381 **On Blackboard**

Part 3: WHAT IS THE IMPACT OF MULTINATIONAL CORPORATIONS AND FOREIGN DIRECT INVESTMENT ON THE ECONOMIC DEVELOPMENT OF THE HOST COUNTRY?

18: The Impact of Foreign Direct Investment on Development

Shah M Tarzi, “Third World Governments and Multinational Corporations: Dynamics of Host’s Bargaining Power.” Freiden and Lake, pgs 169-179

Zachary Elkins, Andrew Guzman, and Beth A. Simmons, “Competing for Capital: the Diffusion of Bilateral Investment Treaties.” Freiden and Lake, pgs 180-199.

Eric Rugraff and Michael W. Hansen, “Mulitnational Corporations and Local Firms in Emerging Economies: An Introduction.” Rugruff and Hansen, pgs 13-47

**Case Briefing #2 due**

20: Foreign Direct Investment in Transitional Economies—the post-Cold War Record

Magdolna Sass, “The Impact of Foreign Direct Investment in Business Services on the Local Economy.” Rugruff and Hansen reader, pgs 51-73

Crt Kostevc, Tjasa Redek and Matia Rojec. “Scope and Effectiveness of Foreign Direct Investment Policies in Transition Economies.” Rugruff and Hansen reader, pgs 155-179

22: **CASE Play it Safe at Home or Take a Risk Abroad?**

25: MNCs in Transitioning from Communism to the Free Market: The Case of Hungary

Chiara Franco and Kornelia Kozovska, “Mutual Productivity Spillovers and Regional Clusters in Eastern Europe: Some Empirical Evidence.” Rugruff and Hansen reader, pgs 123-151

Katalin Antaloczy, Magdolna Sass and Miklos Szanyi, “Policies for Attracting Foreign Direct Investment and Enhancing its Spillovers to Indigenous Firms: The Case of Hungary.” Rugraff and Hansen reader, pgs 181-209

**Case Briefing #2 due**

27: FDI in Growing African Economies--Insights from Nigeria and South Africa

Osmund Osinachi Uzor, “African Small and Medium Enterprises and the Challenge in Global Supply Chains: The Case of Nigerian Garment Enterprises.” Rugraff and Hansen reader, pgs 101-121

Soeren Jeppesen and Justin Barnes. “Is Attracting Foreign Direct investment the Only Route to Industrial Development in an Era of Globalization? The Case of Clothing and textiles Sector in South Africa.” Rugraff and Hansen reader, pgs 231-266

29: The role of MNCs and Trade on Global Development

Daron Acemoglu, “Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development” Frieden and Lake Reader, pgs 468-473

Razeen Sally, “The Political Economy of Trade Reform Policy: Lessons from Developing Countries” Frieden and Lake Reader, pgs 486-504

October 2: Does The Home Country for TNC Matter? The Cases of India and China

Jorgen Dige Pedersen, “Is Indian FDI Developmental” Transnational Corporations and Development Policy: Critical Perspectives. pgs 105-136 **Blackboard**

Andrew Crabtree and Andy Sumner “Chinese Outward FDI in Africa: How much do we know?” Transnational Corporations and Development Policy: Critical Perspectives. pgs 137-154 **Blackboard**

PART 4: THE IMPACT OF MULTINATIONAL CORPORATE INVESTMENT ON THE HOME COUNTRY— DOES OUTSOURCING MATTER?

4: Strategies for Later-Developed Home Countries in Investing Abroad

Yadong Luo and Rosalie L. Tung. International expansion of emerging market enterprises: A springboard perspective  *Yadong Luo: Department of Management, School of Business Administration, University of Miami, Coral Gables, USA   
Rosalie L Tung: Faculty of Business Administration, Simon Fraser University, Burnaby, Canada* [*Journal of International Business Studies*](http://econpapers.repec.org/article/paljintbs/), 2007, vol. 38, issue 4, pages 481-498 **Blackboard**

6: **Case: lKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor**

9: Is Outsourcing a Threat to the Home Country? The Impact of Multinational Corporations on US Economic Growth

Jonathan Cummings et al**, “**Growth and competitiveness in the United States: The role of its multinational companies**.”** McKinsey Global Institute Report **Blackboard  
 Case Brief #3 due**

11: Corporate Inversions’ Impact on Tax Collection and Employment in the Home Country

Nirupama S. Rao, “Corporate InversIons and Economic Performance” National Tax Journal, December 2015, 68 (4), 1073–1098 **On Blackboard**

The Skinny on Corporate Inversions

<https://www.americanprogress.org/issues/tax-reform/report/2014/09/25/97827/the-skinny-on-corporate-inversions>

**On Blackboard**

Uber: Transferring IP rights to an international subsidiary

<http://fortune.com/2015/10/22/uber-tax-shell/>

**On Blackboard**

**13: Mid-Term**

Part 5: REGIONAL GOVERNANCE AND FREE TRADE

16: What is so objectionable about Free Trade Agreements?

Edwards, Introduction, Chapters 1-3, pgs 12-58

18: Investor-State Dispute Settlement Courts in Context

Edwards, Chapters 4-6, pgs 59-96

20: Some High-Profile Cases and the Way Forward with ISDS

Edwards Chapters 7-8, conclucion, pgs 97-121

PART 6: CHALLENGES AND CONTROVERSIES OF CORPORATE BEHAVIOR

SECTION A: HUMAN RIGHTS AND CONFLICT

23: Investing in Challenging Human Rights Climates

Ruggie, Chapter 1-2, pgs 1-80

Florian Wettstein, “Human Rights as Ethical Imperatives for Business: The UN Global Compact’s Human Rights Principles” pgs 73-88 From Lawrence and Beamish **On Blackboard**

25: “Protect, Respect, and Remedy”

Ruggie, Chapter 3, pgs 81-127

Susan Ariel Aaronson and Ian Higham “Re-righting Business: John Ruggie and the Struggle to Develop International Human Rights Standards for Transnational Firms” **Human Rights Quarterly**, Volume 35, Number 2 (May 2013) pgs 333-364

27: **CASE Royal Dutch/Shell in Nigeria** in case book

30: Corporate Behavior and Human Rights

Henry Lane and David T. A. Wesley, “Killer Coke” pgs 149-173 in Lawrence and Beamish) **Blackboard**

**Case Briefing #4 Due**

November 1: Voluntary Approaches or New International Treaty?

Ruggie, Chapters 4-5, pgs 128-202

SECTION B: LABOR RIGHTS AND PRACTICES

3: The Challenge Globalization and Avoiding the “Race to the Bottom”

Michael J. D. Roberts “Our Role as managers in Understanding and Fulfulling the Labour Practices of the UN Global Compact” pgs 89-106 (Lawrence and Beamish) **Blackboard**

The Status of Labor in MNCs in Developing Countries

Layna Mosley and Saika Uno (2007). Racing to the Bottom or Climbing to the Top? Economic Globalization and Collective Labor Rights. Comparative Political Studies 40 (8):923-48 **On Blackboard**

6: Labor and the Apparel Industry—the Challenge of the Most Mobile MNCs

Tienying Huang, Junping Liang and Paul W. Beamish “Jinjian Garment Factory: Motivating Go-Slow Workers” pgs 289-296 Lawrence and Beamish **Blackboard**

Nancy Plankey Videla “It Cuts Both Ways: Workers, Management, and the Construction of a ‘Community of Fate’ on the Shop Floor of a Mexican Garment Factory. pgs 2099-2120 **Social Forces,** 2006, **Blackboard**

SECTION C: Environmental Challenges and the Greening of Business

8: Greening of business practices

David Cooperrider “Embedded Sustainability and the Innovation-Producing Potential on the UN Global Compact’s Environmental Principles” pgs 107-130 (Lawrence and Beamish) **Blackboard**

Ion Bogdan Vasi “Is Greenness In the Eye of the Beholder? Corporate Social Responsibility Frameworks and the Environmental Performance of US firms” pgs 365-392 In Corporate Social Responsibility in a Globalizing World. **Blackboard**

10: **CASE: Greening Walmart: Progress and Controversy** in case book

Plus Alison Konrad and Ken Mark “Staffing Wal-Mart Stores Inc” pgs 365-374 (Lawrence and Beamish) **Blackboard**

13: More Green Business Cases

Michael Sider, Jana Seijts, and Ramasastry Chandresekhar “RBC: Financing Oil Sands” pgs 375-394 (Lawrence and Beamish) **Blackboard**

Dana Branzei and Kim Poldner “Veja: Sneakers with a Conscience” pgs 434-454 (Lawrence and Beamish) **Blackboard**

**Case #5 Briefing Due**

SECTION D: Intellectual Property and Technology Transfer in Human Security Industries

15: Global Agribusiness, Intellectual Property, and the “Right to Food”

P. D. Goldsmith, D. K. Nauriyal, and W. Peng. “Seed Biotechnology, Intellectual Property, and Global Agricultural Competitiveness.” In Seeds of Change: Intellectual Property Protection for Agricultural Biotechnology. Pgs 19-37 **Blackboard**

T. Dhar and J. Foltz, “The Impact of Intellectual Property Rights in the Plant and Seed Industry.” In Seeds of Change: Intellectual Property Protection for Agricultural Biotechnology. Pgs 161-171 **Blackboard**

J. Chen. “Biodiversity and Biotechnology: A Midunderstood Relationship.” In Seeds of Change: Intellectual Property Protection for Agricultural Biotechnology. Pgs 347-372 **Blackboard**

17: **Case: Socially Responsible Pricing: Lessons from the Pricing of AIDS drugs in Developing Countries** in Casebook

SECTION E: Building Transparency and Avoiding Corruption

17: The UN Global Compact’s Transparency Principles

Peter Rodriguez “The Challenges of Corruption in Business, Government, and Society” pgs 131-143 (Lawrence and Beamish) **Blackboard**

Matti Joutsen and Adam Graycar,”When Experts and Diplomats Agree: Negotiating Peer Review of the UN Convention Against Corruption” pgs 425-439 Global Governance (2012). **Blackboard**

Doh, Jonathan, Peter Rodriguez, Klaus Uhlenbruck, Jamie Collins, Lorraine Eden. “Coping with Corruption in Foreign Markets. Academy of Management Executive, 17.3: 114-127.  **Blackboard  
Case Briefing #6 due**

20: Case studies on Transparency

Patty Gerstenblith, “The Licit and Illicit Trade in Antiquities.” Pgs 138-177 in **It’s Legal but it Aint Right** edited by Nikos Passas and Neva Goodwin” **Blackboard**

22, 24: No Class, Thanksgiving

PART 6: VOLUNTARY CORPORATE STRATEGIES AND SOCIAL RESPONSIBILITY

27: Is there a market for corporate social responsibility?

David Vogel, The Market for Virtue. Chapters 1-3, pgs 1-74 **Blackboard**

Joanne T. Lawrence “Responsible Business: A Brief Perspective” pgs 3-21 (Lawrence Reader)

Daniel Malan “The Business of Business is (Responsible) Business” pgs 21-32 (Lawrence Reader)

**Papers Due**

29: What is the UN Global Compact and How Does it Work?

Andreas Rasche “The United Nations and Transnational Corporations: How the UN Global Compact Has Changed the Debate” pgs 33-50 (Lawrence and Beamish)

Sandra Waddock “Context and Dynamics of the UN Global Compact: An Idea Whose Time has Come” pgs 51-70 (Lawrence and Beamish)

Oliver F. Williams, “Responsible Corporate Citizenship and the Ideals of the United Nations Global Compact.” P 413-430 in Peace through Commerce: Responsible Corporate Citizenship and the Ideals of the UN Global Compact**. Blackboard**

December 1: The Promise of Fair Trade

Douglas L. Murray and Laura T. Raynolds “Globalization and its Antinomies: negotiating a Fair Trade Movement.” Pgs 3-14 in **Fair Trade: The Challenges of Transforming Globalization** (**Blackboard**).

Ann Grodnik and Michael Conroy “Fair Trade Coffee in the United States: Why Companies Join the Movement” pgs 83-102 in **Fair Trade: The Challenges of Transforming Globalization** (**Blackboard**).

Niraj Dawar and Jordan Mitchell “Nestle’s Nescafe Partner’s Blend: The Fairtrade Decision” pgs 261-288 (Lawrence and Beamish) **Blackboard**

4: Review Session

Final Exam: Friday, December 8, 11 am – 1 pm