

## Communication Management 531

### Communication and the International Economy

Fall 2013

Jonathan Aronson - Professor

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Class: Wednesday 6:30-9:20 in KER 202

Office Hours: KER 206: Wednesday 4:00-6:00 and by appointment

**Catalogue Description:** Examines the impact of global economic changes on communications industries, the political and economic forces shaping these industries and the roles of its managers.

**Course description:** This course examines how changes in the technological and political-economic environment have transformed the terms of competition in the communication and information technology (ICT) industries on a global scale. It focuses on the strategies of companies across a variety of ICT sectors: broadcasting, film, telecommunications, the Internet, video games, social networks, and the music industry. The course begins with a discussion of the emergence of a global information economy and the role of ICTs in global markets. Leadership and governance issues are introduced. In the second part, we focus on specific ICT sectors and look at real-world examples through a series of case studies.

**Career relevance:** As the revolution in communication technologies creates global markets, the ability to understand the international dimension of the commercial decisions with which organizations are confronted has become a critical managerial skill. Whether you pursue a career in Hollywood, an Internet start-up, advertising, government, or the non-profit sectors you will be faced with decisions that cut across political, economic, and cultural borders. How should you expand internationally? How important is having locally produced content? What are the regulatory and cultural barriers that need to be considered in your strategy? This course is designed to provide students the analytical tools to address these types of questions by focusing on the global forces shaping communication markets (understood broadly) and the global economy and how firms are adapting their international strategies to these changes.

**Class structure:** The course will follow a seminar teaching style, which implies keeping lectures to a minimum and stressing class discussions around the case studies, since they represent the kind of real-world situation you are likely to face in your career. Each meeting will be divided in two parts (with a 10-minute break in between). The first part will be more lecture-oriented, while the second will be dedicated to the case studies and will be often led by the students.

**Required Readings:** Most reading are available online or will be distributed in class. But, you might wish to purchase the following books at Amazon.com.

**Needed for Class:**

**BUY:**

Breznitz, Dan and Michael Murphree (2011), *Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China*

Josh Lerner, *The Architecture of Innovation: The Economics of Creative Organizations* (Harvard Business Review Press, 2012) (Needed week 5)

Hyde, Lewis. (2010) *Common as Air: Revolution, Art, and Ownership*. Farrar, Straus and Giroux.

Zittrain, Jonathan. (2008) *The Future of the Internet -- And How to Stop It*. Yale University Press (skim). Also check out his blog at: <http://futureoftheinternet.org/blog>

**DO NOT BUY:**

Cowhey, Peter and Jonathan Aronson (2009), *Transforming Global Information and Communication Markets*. MIT Press, 2009. Available at: [www.globalinfoandtelecom.org](http://www.globalinfoandtelecom.org)

Deibert, Ronald, et. al. (2010) *Access Controlled: The Shaping of Power, Rights, and Rule in Cyberspace* <http://www.access-controlled.net/>

Lessig, Lawrence. (2004) *Free Culture*. New York: Penguin Press (chapter 5: 62-79, the rest is optional). Available at <http://www.free-culture.cc/freeculture.pdf>

**For Later Review:**

Breznitz, Dan (2007), *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland*.

Michael Lewis, *The Big Short: Inside the Doomsday Machine*

Michael Lewis, *Boomerang*

Tim Wu, *The Master Switch*

**Course requirements:** These are the requirements for the course:

- 1 September 11: Briefing Paper**
- 2 September 25: Book Review** for IJoC (First draft due). We will continue the process until all reviews are published.
- 3 October 9: Corporate Analysis presentation (1):** Each student will present a SWOP analysis of a major international corporation. (Part I)
- 4 October 23: Competitive Analysis presentation (2):** Each student will make a presentation on the two or three most formidable competitors their firm faces and suggest ways to compete. (Part II)
- 5. October 30: Paper/Power point of Analyses** of Part I and Part II
- 6. December 4: Policy memo:** Students will develop a policy memo for a government agency that suggests how to proceed on pressing ICT problem that they face today. Oral, power point assisted, and written presentations will be offered. Due date to be determined.
- 7. Class participation.** Students are expected to make informed contributions to class discussions and in-class activities. What does it take to make *informed* contributions? First, do the readings before class. Second, students should follow the ICT industry news. Participation can raise your grade, but not lower it.

**Academic Integrity:**

The Annenberg School for Communication is committed to upholding the University's Academic Integrity code as detailed in the SCampus Guide. It is the policy of the School of Communication to report all violations of the code. Any serious violation or pattern of violations of the Academic Integrity Code will result in the student's expulsion from the Annenberg Communication School.

**Disability Accommodation:**

A brief announcement from the Office of Civil Rights: Students requesting academic accommodations based on a disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from the DSP when adequate documentation is filed. Please be sure the letter is delivered to me as early in the semester as possible. DPS is open Monday-Friday, 8:30 to 5:00. The office is in Student Union 301 and their phone number is (213) 740-0776.

## CMGT531: Class Schedule: Fall 2013

### Week 1: (August 28): INTRODUCTION: GLOBALIZATION & FINANCIAL CRISIS

No Reading assignment but look at two reviews for each and at a later point you may want to read: Michael Lewis, *The Big Short: Inside the Doomsday Machine* and his book *Boomerang*

### Week 2: (September 4): GLOBAL INTERNET GOVERNANCE

Technology and globalization make national regulation of global networks inefficient at best and ineffective to useless at worst. So?

Hillary Clinton, Remarks on Internet Freedom, January 21, 2010.

<http://www.state.gov/secretary/rm/2010/01/135519.htm>

L. Gordon Crovitz, "America's First Big Digital Defeat," (distributed in class).

Benkler, Yochai. (2000). "From Consumers to Users: Shifting the Deeper Structures of Regulation Toward Sustainable Commons and User Access," Available at:

<http://www.law.indiana.edu/fclj/pubs/v52/no3/benkler1.pdf>

Joe Waz and Phil Weiser, "Internet Governance: The Role of Multi-stakeholder Organizations," Available at: <http://ssrn.com/abstract-2195167>

### Week 3: (September 11): HISTORY: THE RISE AND FALL OF DOMINANT FIRMS (and also brief discussion of book review drafts)

Chandler, Alfred, (2001) *Inventing the Electronic Century*. Chapters 3-4, pp. 50-131.  
(email)

Cowhey, Peter and Jonathan Aronson (2009), *Transforming Global Information and Communication Markets*. Introduction, Chapters 1 and 2. Available at: [www.globalinfoandtelecom.org](http://www.globalinfoandtelecom.org)

Jonathan Aronson review of Tim Wu, (2010) *The Master Switch* in Volume 5 of the *International Journal of Communication*. Available at: [Ijoc.org](http://ijoc.org).

David, Paul. (2002). The evolving accidental information super-highway. *Oxford Review of Economic Policy* 17(2): 159-187. Available at: <http://oxrep.oxfordjournals.org/cgi/content/abstract/17/2/159>

Boyle, James. "The Second Enclosure Movement and the Construction of the Public Domain," Available at: <http://www.law.duke.edu/pd/papers/boyle.pdf>

**Week 4: (September 18): THE INFLECTION POINT**

Global ICT is poised for significant change, for better or worse. Which will it be?

Cobb, Kurt. "Is the global economy approaching an inflection point?" Available at:  
<http://www.energybulletin.net/stories/2011-01-23/global-economy-approaching-inflection-point>

Cowhey, Peter and Jonathan Aronson (2009), *Transforming Global Information and Communication Markets*. Introduction, Chapters 3 thru 5. Available at:  
[www.globalinfoandtelecom.org](http://www.globalinfoandtelecom.org)

"The Telecoms Equipment Sector: An Object Lesson in (Non-Schumpeterian) Economic Destruction," Strategic News Service, Week of August 6, 2012. (To be distributed)

**Week 5: (September 25): CORPORATE STRATEGY IN A GLOBAL WORLD**

When and why do high tech ICT companies thrive or stumble? How does the strategy change as globalization proceeds?

Adam Lashinsky, "Jeff Bezos: The Ultimate Disrupter," *Fortune*, December 3, 2012, pp. 100-110. (to be distributed)

"Microsoft's Lost Decade," *Vanity Fair*, August 2012, pp. 108—113, 132-135. (to be distributed)

Josh Lerner, *The Architecture of Innovation: The Economics of Creative Organizations* (Harvard Business Review Press, 2012)

## CROSS-CUTTING GLOBAL ISSUES

### Week 6: (October 2): TOPIC 1: INTELLECTUAL PROPERTY

Hyde, Lewis. (2010) *Common as Air: Revolution, Art, and Ownership*. Farrar, Straus and Giroux. (skim)

Lessig, Lawrence. (2004) *Free Culture*. New York: Penguin Press (chapter 5: 62-79, the rest is optional). Available at <http://www.free-culture.cc/freeculture.pdf>

Keith Aoki, James Boyle, and Jennifer Jenkins (2006) *Tales From the Public Domain: Bound by Law?* Duke Law School, 2006. (A Comic Book) (email)

### Week 7: (October 9): TOPIC 2: PRIVACY, OPENNESS, AND TRANSPARENCY

EU Privacy Directive, proposed, November 4, 2010. Available at:  
[http://ec.europa.eu/justice/news/consulting\\_public/news\\_consulting\\_0006\\_en.htm](http://ec.europa.eu/justice/news/consulting_public/news_consulting_0006_en.htm)

Clinton, Hillary. “Remarks on Remarks on Internet Rights and Wrongs: Choices & Challenges in a Networked World.” Available at:  
[www.state.gov/secretary/rm/2011/02/156619.htm](http://www.state.gov/secretary/rm/2011/02/156619.htm)

Clinton, Hilary. Remarks On Internet Freedom, The Hague, Netherlands, December 8, 2011. Available at:  
<http://www.state.gov/secretary/rm/2011/12/178511.htm> (A video of the speech is also at the site.)

Deibert, Ronald, et. al. (2010) *Access Controlled: The Shaping of Power, Rights, and Rule in Cyberspace* <http://www.access-controlled.net/>

dana boyd on privacy, Available at:  
<http://www.zephoria.org/thoughts/archives/2010/05/14/facebook-and-radical-transparency-a-rant.html>

Edward Wyatt and Tanzina Vega, “Stage Set for Showdown on Online Privacy” *New York Times*, November 9, 2010 Available at:  
[http://www.nytimes.com/2010/11/10/business/media/10privacy.html?\\_r=1&ref=edwardwyatt](http://www.nytimes.com/2010/11/10/business/media/10privacy.html?_r=1&ref=edwardwyatt)

Helen Gao, “Rumor, Lies, and Weibo: How Social Media is Changing the Nature of Truth in China,” *The Atlantic* (2012). Available at:  
<http://www.theatlantic.com/international/archive/2012/04/rumor-lies-and-weibo-how-social-media-is-changing-the-nature-of-truth-in-china/255916/>

**Week 8: (October 16): TOPIC 3: THE CLOUD**

Renee Berry and Matthew Reisman, "Policy Challenges of Cross-Border Cloud Computing," US ITC, *Journal of International Commerce and Economics*, May 2012. (email)

World Economic Conference, "Exploring the Future of Cloud Computing: Riding the Next Wave of Technology-Driven Transformation," Power point, 2010. (To be distributed)

"Open Cloud Manifesto," Available at: <http://www.opencloudmanifesto.org/>

Peter Cowhey and Michael Kleeman, "Unlocking the Benefits of Cloud Computing for Emerging Economies – A Policy Overview," (2012) (To be distributed)

Zittrain, Jonathan. (2008) *The Future of the Internet -- And How to Stop It*. Yale University Press (skim). Also check out his blog at: <http://futureoftheinternet.org/blog>

**Week 9: (October 23) TOPIC 5: DATA PROTECTION, CYBERSECURITY (AND CYBERWAR?):**

Anderson, Why Information Security is Hard – An Economic Perspective, ACSAC 2001 (<http://www.acsac.org/2001/papers/110.pdf>)

Goldsmith, Jack. "The Cyberthreat, Government Network Operations, and the Fourth Amendment," *Brookings Paper*. December 2010. [http://www.brookings.edu/papers/2010/1208\\_4th\\_amendment\\_goldsmith.aspx](http://www.brookings.edu/papers/2010/1208_4th_amendment_goldsmith.aspx)

Seymour Hersh, "The Online Threat," *The New Yorker*, November 1, 2010, pp. 44-55. [http://www.newyorker.com/reporting/2010/11/01/101101fa\\_fact\\_hersh](http://www.newyorker.com/reporting/2010/11/01/101101fa_fact_hersh)

James Fallows, "Cyberwarriors," *The Atlantic Magazine*, March 2010, Available at: <http://www.theatlantic.com/magazine/archive/2010/03/cyber-warriors/7917/>

Hillary Clinton, Remarks on the Release of President Obama Administration's International Strategy for Cyberspace, Secretary on the Release of President Obama Administration's International Strategy for Cyberspace [www.state.gov/secretary/rm/2011/05/163523.htm](http://www.state.gov/secretary/rm/2011/05/163523.htm)

Later you might want to read:

Clarke, Richard & Robert Knake, (2010) *Cyber War*.

**Week 10: (October 30): US INTERNATIONAL PRIORITIES IN A GLOBAL, INTERDEPENDENT, AND MORE PLURAL WORLD**

The second term foreign policy focus likely will be on Sustainable US leadership in a world of devolving power and multilateral problem solving. This international change parallels the growing diversity of power/leadership inside US

Li Congjun, "Toward a New World Media Order," *The Wall Street Journal*, June 1, 2011,

<http://online.wsj.com/article/SB10001424052748704816604576335563624853594.html>

(More readings to be added)

**ICT AND CHINA**

**Week 11: (November 6): CHINA I: ISSUES IN POLICY**

China's communication champions like Huawei are emerging as international players. Its policies also are in transition.

Wu, Irene S. (2009). *From iron fist to invisible hand: the uneven path of telecommunications reform in China*. Stanford, Calif.: Stanford University Press, pp. 12-79. (email)

Eric Harwit, "China's Internet and Government Policy," in *China's Telecommunications Revolution*, Oxford University Press, 2008, pp. 79-111. (email)

Yuezhi Zhao. "After Mobile Phones, What? Re-embedding the Social in China's "Digital Revolution" *International Journal of Communication 1* (2007), 92-120 (email)

Bill Powell, "Can Apple Win Over China?" *Fortune*, October 29, 2012, pp. 107-116. (To be distributed)

Jessi Hempel, "Facebook's China Problem," *Fortune*, September 24, 2012, pp. 104-109. (To be distributed)

Jessica Chia-Yueh Liao, "China's response to the global IPR regime: Compliance or resistance?" *Issues & Studies*, ISSN 1013-2511, 12/2006, 42:4, pp. 175 – 222. (email)



**Week 12: (November 13): CHINA II: ISSUES IN ICT POLICY: INNOVATION**

Chinese innovation policy has both strengths and weaknesses.

Watch Dan Breznitz talk in Barcelona: Available at:

<http://www.youtube.com/watch?v=5HFk-6euD88>

Breznitz, Dan (2007), *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland*, Chapter 3 and Conclusion, pp. 97-145 and 190-209.

Breznitz, Dan and Michael Murphree (2011), *Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China*

**Week 13: (November 20). TRADE AND GOVERNANCE (revisited)**

We consider broader issues of international ICT governance and why it matters.

Cowhey, Peter and Jonathan Aronson (2009), *Transforming Global Information and Communication Markets*. Chapters 6-10. Available at:

[www.globalinfoandtelecom.org](http://www.globalinfoandtelecom.org)

“Toward a Single Global Digital Economy,” The First Report of the Aspen Institute IDEA Project (email)

**Week 14: (November 27) NO CLASS – THANKSGIVING BREAK**

**Week 15: (December 4). POLICY MEMO PRESENTATIONS.**