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?
4. What is the motivation of home governments in encouraging international investment? Does the home government matter in how MNCs operate? In particular, is there a difference between state-owned enterprises and private enterprises? In Global South MNCs and Global North MNCs? In democratic home governments and less democratic home governments?
5. What governance is emerging to address the issues raised with the relationships between MNCs, host governments and home governments? In particular, what role does trade law and treaty obligations under Bilateral Investment Treaties commonly found in trade agreements? Should international law emerge that govern these relations in a multilateral forum?
6. 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: 25%
- Final: 30%
- 2 short case briefs: 5% each
- Class participation: 5%

Students will prepare a research project examining one of the topics of the course. 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. I will provide a detailed paper prompt during the 3rd week of the class. 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. Finally, we will have a number of case discussions, mostly on Fridays. I will assign a case brief for two of them. These are maximum 3 pages and will include a critical question about the lessons of the case. They will be due in the next class meeting after the case discussion.

We will have twelve case discussions from the Harvard Business Case catalogue:

1. August 26: Distance Still Matters
2. September 8: Canopy Growth Corporation: Canada First and the World Next
3. September 15: El Salvador: Launching Bitcoin as Legal Tender
5. September 29: Tata Group in 2021: Pursuing Profit through Purpose
6. October 6: Keystone XL Parts 1-2
7. October 9: Dolce and Gabbana: Racism, Stereotypes, or Being Funny
8. October 9: Starbucks: Battling the Racism Allegations In Case Packet
9. October 20: IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor
10. October 27: The Hershey Company: Broken Pledge to Stop Using Child Labour
12. November 8: The Maggi Noodle Safety Crisis in India (A) and (B)
14. November 27: Socially Responsible Pricing: Lessons from the Pricing of AIDS drugs in Developing Countries

Each of these cases must be read prior to the class. We will spend the entire class meeting discussing these cases in depth. Class participation is required which requires 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 (and will provide ample opportunity for response). 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.

Some key norms and rules for the classroom. Please be aware of these as we progress throughout the semester:
• **Share responsibility for including all voices in the conversation.**
  - I want to hear from all of you this semester. These issues can be contentious—any good international relations class will have disagreements. Let’s make sure everyone has a chance to speak. If you find yourself being shut out of conversations, please let me know privately and I will make adjustments.

• **Listen respectfully.**
  - In conversations, we tend to spend 25% listening and 75% thinking about how we want to respond. Let’s reverse this! A great classroom is a dialogue. It is not simply my thoughts and you trying to memorize and reconstruct them for exams. I want to hear from all of you. And I want you to hear from one another. We need to listen respectfully but also actively and critically.

• **Be open to changing your perspectives based on what you learn from others.**
  - Nothing is more exciting than learning something new. This allows us to evolve our perspectives and develop as scholars. I have learned something new from students every semester I’ve taught. I change material from semester to semester based on what I have learned. Always be prepared to change your mind.

• **Understand that we are bound to make mistakes**
  - I may have been raised Roman Catholic, but I am not infallible. That’s a joke I make throughout the semester. I will make mistakes. You will too. We learn from our mistakes, but we can’t be afraid to present our work and our thoughts on an issue because we might make one. When we do, we will respectfully update the information and learn from them.

• **Understand that your words have effects on others.**
  - Respect is based on the understanding that words matter. Freedom of speech means we can express ourselves freely. But it does not mean we don’t consider the effects these words have on others in the classroom. The classroom should never chill free expression and speech. But we all know there are different ways to express ourselves and we need to respect each other with our commentaries.

• **Understand that others will come to these discussions with different experiences from yours.**
  - The best thing about a campus like USC is the rich diversity of the student body. We have students from all over the world. And I think I learned as much as an undergraduate from the conversations I had with my classmates than even from class work. Toleration of different experiences is boring. Revel in them! Learn from one another. And be aware of them.

• **Make an effort to get to know each other.**
  - I like a class that’s loud and boisterous before I come in. Spend some times getting to know each other. The real virtue of being back in person are the people we will meet, the social interactions, the long conversations, and learning from one another. Think of the big class as a chance to get to know a lot more people. And many of you are new to the university experience. I don’t want to hear that you are having trouble meeting new people. This class is a great place to meet everyone!

• **Understand that there are different approaches to solving problems.**
  - This is what we mean by interdisciplinary. We do more than just study different material. We also approach issues differently. In particular, some of us have a background in business. Most have a background in social sciences. But it may be international relations, or it may be economics. Some of us study the humanities. But it is truly exciting to see the different ways we solve problems and wrestle with material.
Grading Scale

Course final grades will be determined using the following scale

- A 93-100
- A- 90-92
- B+ 87-89
- B 83-86
- B- 80-82
- C+ 77-79
- C 73-76
- C- 70-72
- D+ 67-69
- D 63-66
- D- 60-62
- F 59 and below

Grading and Correction of Grades

Excerpts for this section have been taken from the University Grading Handbook, located at http://www.usc.edu/dept/ARR/grades/gradinghandbook/gradingpolicies.html

Please see the link for the course before the semester ends. All missing grades must be resolved by the instructor through the Correction of Grade Process. One calendar year is allowed to resolve a MG. If an MG is not resolved [within] one year the grade is changed to [Unofficial Withdrawal] UW and will be calculated into the grade point average a zero grade points.

A grade of Incomplete (IN) “is assigned when work is not completed because of documented illness or other ‘emergency’ occurring after the twelfth week of the semester (or 12th week equivalency for any course scheduled for less than 15 weeks).” for more details on grading concerns.

A grade of Missing Grade (MG) “should only be assigned in unique or unusual situations... for those cases in which a student does not complete work

Academic Integrity

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university’s mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the USC Student Handbook. All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or “recycle” work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.
Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university. These outcomes are based on the severity of the violation, but recognize that the best outcome you can expect from academic dishonesty is a failure of that graded assignment. This is a big deal. Please come talk with me with concerns, questions, or clarifications.

For more information about academic integrity see the student handbook or the Office of Academic Integrity’s website and university policies on Research and Scholarship Misconduct.

And the Policy on the use of AI (welcome to 2023!)

Since creating, analytical, and critical thinking skills are part of the learning outcomes of this course, all assignments should be prepared by the student working individually or in groups. Students may not have another person or entity complete any substantive portion of the assignment. Developing strong competencies in these areas will prepare you for a competitive workplace. Therefore, using AI-generated tools is prohibited in this course, will be identified as plagiarism, and will be reported to the Office of Academic Integrity.

And notes on the distribution of class material, including recordings of the class and distribution of notes:

Recording a university class without the express permission of the instructor and announcement to the class, or unless conducted pursuant to an Office of Student Accessibility Services (OSAS) accommodation. Recording can inhibit free discussion in the future, and thus infringe on the academic freedom of other students as well as the instructor. We live in an age of recording of classes for clickbait online stories. This is a free space of discussion and is intended as such to be nurturing of new ideas. You can find more on this university policy at: (Living our Unifying Values: The USC Student Handbook, page 13).

Distribution or use of notes, recordings, exams, or other intellectual property, based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study. This includes but is not limited to providing materials for distribution by services publishing course materials. This restriction on unauthorized use also applies to all information, which had been distributed to students or in any way had been displayed for use in relationship to the class, whether obtained in class, via email, on the internet, or via any other media. There will be some classroom distribution, usually a Google Doc for studying purposes. But obviously selling any of this material for future use is prohibited. And don’t bother keeping old exams in files for future classes. I change them every semester. (Living our Unifying Values: The USC Student Handbook, page 13).
The books for this class are as follows:


Harvard Business Case Packet. It can be purchased in electronic form—purchasing instructions are posted to Blackboard.

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
5. Governance and Regional Trade: Free Trade Agreements and ISDS Courts
6. Challenges And Controversies of Corporate Behavior
   a. Human Rights and Conflict
   b. Environmental Challenges and the Greening of Business
   c. Labor Rights and Practices
   d. Intellectual Property and Technology Transfer in Human Security Industries
   e. Building Transparency and Avoiding Corruption
7. Voluntary Corporate Strategies and Social Responsibility

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

**August 21:** Introduction, What is the relationship between companies and government

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 144-155

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

25: Case Study 1: Distance Still Matters, from Case Packet

**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

30: Trade or Invest: Free Trade vs FDI and Global Trade Norms

Cheryl Schnhardt-Bailey, “Free Trade: The Repeal of the Corn Laws” Frieden et al pgs 81-91

Peter Alexis Gourevitch, “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896.” Frieden et al, 92-112


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

Mike Veseth, Wine Wars, pgs 27-94 Blackboard

4: Labor Day, no Class

6: State Power, Domestic Interests, and Liberal Trade: Power of States or Power of MNCs?


Stephen D. Krasner “State Power and the Structure of International Trade” Frieden et al, pgs 43-61

Christina Davis “International Institutions and Issue Linkage: Building Support for Agricultural Trade Liberalization.” Frieden et al, pgs 62-76

8: Case Study 2: Canopy Growth Corporation: Canada First and the World Next, from case packet

Case Brief #1 assigned

September 11: MNCs and Political Risk

The Political Risk of MNCs—Challenges to Overseas Investments


Case Brief #1 due
Part 3: WHAT IS THE IMPACT OF MULTINATIONAL CORPORATIONS AND FOREIGN DIRECT INVESTMENT ON THE ECONOMIC DEVELOPMENT OF THE HOST COUNTRY?

18: Branko Milanovic “Global Income Inequality in Numbers: In History and Now.” Frieden et al, pgs 416-427


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


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.” Blackboard

22: Hilton: Combating Human Trafficking in the Hospitality Industry

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


PART 4: THE IMPACT OF MULTINATIONAL CORPORATE INVESTMENT ON THE HOME COUNTRY

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


29: Tata Group in 2021: Pursuing Profits through Purpose in Case Packet

PART 5: REGIONAL GOVERNANCE AND FOREIGN INVESTMENT: ISDS COURTS

October 2: What is so objectionable about Free Trade Agreements?
Edwards, Introduction, Chapters 1-4, pgs 12-71

4: Some high profile ISDS cases
Edwards, Chapters 5-8, pgs 72-121

6: ISDS and Environmental issues: The Keystone Pipeline Case
Keystone XL, Part 1 and 2, Case Packet

Companies and Race Issues

October 9: Dolce and Gabbana: Racism, Stereotypes, or Being Funny In Case Packet

Starbucks: Battling the Racism Allegations In Case Packet

11: Mid-Term

13: No Class, Fall Recess

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

READING ON TREATY ON MINIMUM TAX FOR CORPORATIONS On Blackboard

18: Investing in Challenging Human Rights Climates
Ruggie, Chapter 1-2, pgs 1-80

20: IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor in case packet
PART 6: CHALLENGES AND CONTROVERSIES OF CORPORATE BEHAVIOR
PART A: HUMAN RIGHTS AND CONFLICT

23: Is there a market for corporate social responsibility?

25: “Protect, Respect, and Remedy”
   Ruggie, Chapter 3, pgs 81-127


27: *The Hershey Company: Broken Pledge to Stop Using Child Labour*

30: International Human Rights Laws and Corporations
   Ruggie, Chapters 4, pgs 128-169

November 1: Voluntary Approaches or New International Treaty?
   Ruggie Chapter 5, pgs 170-202

3: LOOKING INSIDE: Intel and Conflict Minerals in Case Packet

SECTION B: ENVIRONMENTAL CHALLENGES AND CORPORATE BEHAVIOR


Robert Keohane and David Victor “Cooperation and Discord in Global Climate Policy” Frieden et al, pgs 506-517


8: Food Safety and Corporate Responsibility
   *The Maggi Noodle Safety Crisis in India (A) and (B)*
   Case Brief #2 assigned

10: Veteran’s Day, no class

SECTION C: LABOR RIGHTS AND PRACTICES

13: The Status of Labor in MNCs in Developing Countries
Case Brief #2 due

SECTION D: MNCs and Global Corruption

15: The UN Global Compact’s Transparency Principles


17: H&M Global Supply Chain: Factories and Fast Fashion in Case Packet

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


RESEARCH PAPERS DUE!!

22, 24: No Class, Thanksgiving Break

PART 6: VOLUNTARY CORPORATE STRATEGIES AND SOCIAL RESPONSIBILITY

27: Socially Responsible Pricing: Lessons from the Pricing of AIDS drugs in Developing Countries in Casebook
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” Blackboard

Sandra Waddock “Context and Dynamics of the UN Global Compact: An Idea Whose Time has Come” Blackboard


December 1: The Promise of Fair Trade
Sean D. Ehrlich “The Fair Trade Challenge to Embedded Liberalism, Frieden et al, pgs 489-505


Daniel Jaffee, Brewing Justice, Chapters 2, 8-9 Blackboard

4: Voluntary Review Session

Final Exam: Wednesday December 6, 11:00 am -1:00 pm

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.
988 Suicide and Crisis Lifeline - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101

Information on events, programs and training, the Provost’s Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety* - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

*Office of the Ombuds* - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

*Occupational Therapy Faculty Practice* - (323) 442-2850 or otpf@med.usc.edu

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.