

PPD 357 Government and Business

University of Southern California

Sol Price School of Public Policy

Fall 2024
Section 51139R
Tuesdays & Thursdays, 10:00-11:50
RGL 209

Professor Elizabeth Graddy
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RGL 212
Office Hours: By Appointment

COURSE OVERVIEW:

The business firm is a central institution in society. Yet, citizens and public decision makers often lack a full understanding of its role in society, and how its behavior is affected by public policy. The actions of governments profoundly affect firm decision making. If public decision makers do not understand the effects of their actions, they risk generating unintended consequences that could defeat their goals. Moreover, in a democracy all citizens need to understand and appreciate the roles of the different sectors and how they interact.

This course explores a variety of public policy issues facing business firms from the perspective of both the business manager, concerned with organizational performance, and the public decision maker, concerned with solving societal problems. We consider firm strategy in an effort to understand and predict their likely responses to public policies, with the goal of improved policy analysis. We develop the insight that can be gained from looking at the same issue from the perspectives of both the public and business sectors to broaden the knowledge and perspective of future decision makers in both sectors.

PREREQUISITE: ECON 203 Principles of Microeconomics

REQUIRED TEXTBOOKS & COURSE MATERIALS:

Brightspace (all non-classroom communications and supplemental materials)

Baron, David P. (2013). *Business and Its Environment. Seventh Edition.* Pearson.

Wall Street Journal. Discounted subscriptions (\$1/week) for students are available online at wsj.com.

COURSE REQUIREMENTS:

The class format is varied, including lectures, group discussions, and role-playing exercises.

1. **DISCUSSION.** Active participation in class sessions is expected. This will include weekly discussions of relevant business-government issues raised in that week's *Wall Street Journal*. Students should incorporate the perspective of their firm into these discussions. Participation in class discussions will represent 7% of the course grade; the grade will be based on the quality of your contributions.

To encourage engagement and discourse, cell phones cannot be accessed during class time. Laptops may only be used for note taking.

2. **FIRM PAPER.** Each student selects a publicly-traded firm to follow throughout the semester. Your primary sources of information will be the *Wall Street Journal*, the firm's web page, and its annual report. The firm should provide a lens with which you view many of the issues we discuss. You are expected to share relevant actions by your firm with the class. You must record your choice with me by **5 September**.

Your firm paper (10-12 typed double-spaced pages) is due **3 October**, and will represent 20% of the course grade. Its purpose is to understand your firm's position within the domestic and global marketplace. More specifically, your paper *must* include 3 parts:

- Analyze the changes in your firm's stock price over the recent past. What is driving the changes in stock prices? Consider the relative importance of the firm's actions versus those outside its control.
- Analyze your firm's position within the domestic and international market. Who are its competitors? What are its comparative advantages and disadvantages relative to these competitors?
- What are the key issues the firm is currently facing with respect to government actions? Discuss these issues from the firm's perspective (e.g., expected impact on future earnings).

These 3 topics must be addressed in separate sections of the paper.

Please note that the paper must include a list of references and must cite all sources using an acceptable citation format.

3. **STUDENT CASE LEADERSHIP.** There will be several structured case discussions during the course. Cases will provide a forum for us to apply concepts we are learning in a specific context. Seven case discussions will be led by student panels. Assigned students will have about 40 minutes to engage with the class in an exploration of the case. Note, assigned readings for the case provide only the *minimum* background for the discussion, **student panels are expected to incorporate more information, including any relevant updates since the book's coverage of the case.** The goal is to:
 - Connect the specific case topics with concepts we are covering in the course.
 - Elicit a lively exchange with the class on the topic.

Student Case Leadership will constitute 10% of the course grade. Your grade will be determined by the effectiveness of the case discussion and your individual contribution to its success, based on instructor and peer evaluations.

4. ROLE PLAYING. Each student will have a substantive part in a Role-Playing Exercise – the *Mock Hearing* or the *Mock Trial*. Participation will constitute 10% of the course grade. Grades are based on the completeness, correctness, and persuasiveness of the role playing.

You will be a decision maker in the other role-playing exercise and will provide a written decision and rationale (1-2 pages) and evaluations of the role-playing of your peers (3% of your course grade). Make sure to check the assignments for your role.

5. REGULATORY PAPER. In this paper, you will consider a specific regulatory policy affecting your firm (e.g., product labeling requirements, emission controls, trade restrictions), and analyze the impact of the policy FROM THE PERSPECTIVE OF SOCIETY.

The policy can be implemented at any level of government or can involve multiple levels.

Your analysis of the regulatory policy must explicitly include:

- the rationale for the policy, (i.e., what is the societal problem, and why can't we rely on the private sector to address it)
- the nature and history of the regulation (if relevant include a comparative perspective— e.g., what are other countries doing?)
- an assessment of the **costs and benefits** of the intervention for consumers, the firm, and society as a whole
- your assessment of the wisdom on this particular policy

These 4 topics must be addressed in separate sections of the paper. I must approve the policy covered in advance (see class schedule).

The paper should be from 12-15 typed double-spaced pages. It will constitute 25% of the course grade, and is due on **26 November**.

6. EXAMINATION. There will be a closed-book comprehensive final examination. The exam will constitute 25% of the course grade.

TO SUMMARIZE, the course grade is based on the above requirements as follows:

Participation in Class Discussions	7%
Student Case Leadership	10%
Role Playing	13%
Firm Paper	20%
Regulatory Paper	25%
Examination	25%

NOTE: In both papers, it is *essential* that you properly acknowledge the sources of ideas/information presented in your analysis.

CLASS SCHEDULE

DATE TOPICS/ASSIGNMENTS

Government and Business Overview

- Aug 27 COURSE INTRODUCTION
⇒ WSJ Sign-up
- Aug 29 INTRODUCTION TO GOVERNMENT & BUSINESS
Readings: Baron, ch.1
⇒ Assignments for Case 1
- Sep 3 FIRM STRUCTURE & BEHAVIOR
Readings: Baron, chs. 2,5
- Sep 5 PUBLIC POLICY – MARKET & GOVERNMENT FAILURES
Readings: Review the Market Failure coverage in a Microeconomics textbook, or in Weimer & Vining's Policy Analysis (any edition).
CASE 1: Wal-Mart, Baron, pp 124-131
■ **FIRM SELECTION DUE**
⇒ Case Assignments (all)
- Sep 10 PUBLIC POLICY – MARKET & GOVERNMENT FAILURES
Readings: Baron, chs. 6,7

Maintaining Competition

- Sep 12,17 ANTITRUST POLICY OVERVIEW & COLLUSION
Readings: Baron, ch. 9
Amazon Case (Sep 12)
Airline Price Fixing Case (Sep 17)
⇒ Role Assignments for Mock Hearing
- Sep 19,24 MERGER POLICY
- Sep 24 **CASE 2: Wireless Mergers, Baron pp. 253-257**
Google EU Case

Industry Regulation

- Sep 26, Oct 1 INTRODUCTION, INDUSTRY REGULATION, & DEREGULATION
Readings: Baron, ch. 10
Enron & California Case (Oct 1)

Oct 1,3 FINANCIAL MARKETS & SECURITIES REGULATION
Readings: Baron, ch. 11
Robinhood, Reddit, and Gamestop Case (Oct 3)

Oct 3 **CASE 3: Credit Rating Agencies, Baron, pp. 314-17**
■ FIRM PAPER DUE @10am

Social Regulation

Oct 8 SOCIAL REGULATION & ENVIRONMENTAL POLICY
Readings: Baron, ch. 12
⇒ Role Assignments for Mock Trial

Oct 10 NO CLASS – Fall Recess

Oct 15 ENVIRONMENTAL POLICY
Readings: California Cap & Trade (LAO Report)

Oct 17 GLOBAL POLICY & LAND USE POLICY
CASE 4: Environmental Justice, Baron, pp. 353-356

Oct 22 GUEST SPEAKER – Business perspective
■ REGULATION SELECTION DUE

Oct 24 **MOCK HEARING (ASSIGNED ROLES)**

Law & Business

Oct 29 INTRODUCTION, PROPERTY LAW, CONSUMER PROTECTION
Readings: Baron, ch. 14
Graffiti Case

Oct 31 PRODUCT SAFETY REGULATION, TORT LAW

Nov 5 PRODUCTS LIABILITY
CASE 5: McDonalds, Baron, pp. 411-14

Nov 7 **MOCK TRIAL (ASSIGNED ROLES)**

Nov 12 GUEST SPEAKER -- Government perspective

Globalization

- Nov 14 INTRODUCTION & FOREIGN TRADE
Readings: Baron, chs. 15, 16, 19
Bueno Foods Case
- Nov 14,19 FOREIGN DIRECT INVESTMENT
Southern Peru Copper Case (Nov 19)
- Nov 19 **CASE 6: CEMEX, pp. 540-544**

Social Responsibility & Ethics

- Nov 21 CORPORATE SOCIAL RESPONSIBILITY
Readings: Baron, ch. 20
The Hershey Company and West African Cocoa Communities
- Nov 26 No Class Meeting
 ■ REGULATORY PAPER DUE no later than 5pm
- Nov 28 NO CLASS -- Thanksgiving Holiday
- Dec 3 ETHICS
Readings: Baron, chs. 21, 22
Simulation Exercise
- Dec 5 **CASE 7: GSK, Baron, pp. 707-711**
WRAP UP AND COURSE REVIEW
- Dec 12 **FINAL EXAMINATION**
Thursday, 11am-1pm

Statement on Academic Conduct and Support Systems

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, 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. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

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](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

AI Generators. 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.

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.

Student Financial Aid and Satisfactory Academic Progress:

To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the [Financial Aid Office webpage](#) for [undergraduate-](#) and [graduate-level](#) SAP eligibility requirements and the appeals process.

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 consists 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) 740-2500

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 otfp@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.