

# Political Economy of Multinational Corporations (PSCI 4360)

## Course Syllabus

The University of Texas at Dallas – Spring 2017  
Mon & Wed 11:30am–12:45pm in GR 3.606

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### Professor Contact Information

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### Course Pre-requisites, Co-requisites, and/or Other Restrictions

This course was originally developed to satisfy the second UTD Core Communications requirement; as such it retains a significant amount of writing. Students should have had previous coursework in international politics, including at least one of the introductory classes (PSCI 3328 or PSCI 4329) and International Political Economy (PSCI 4356) is strongly recommended.

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### Course Description

Multinational corporations have increased dramatically in number over the last four decades, and are now important actors in international politics. They are viewed by many policymakers as important not only for economic development but also for the transmission of pressures for domestic policy change wherever they operate. This course will examine multinational enterprises and their behavior from a social scientific approach, utilizing research in economics, political science, management, and law. The aim of the course is to understand the motivations and impacts of various transnational corporations, and to understand their roles as actors in international politics.

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### Student Learning Objectives/Outcomes

Upon course completion, students should (1) understand the major theories regarding the origins of multinational firms, (2) recognize historical differences in the importance of multinational firms in world politics and (3) appreciate the variation of positive and negative impacts from MNC actions. Additionally, students will also further develop their ability to write effectively, to construct effective written arguments, to appropriately use source material, and to write for different audiences.

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### Required Textbooks and Materials

- None – all readings are on reserve via the library's electronic reserves website (<http://utdallas.docutek.com/eres/coursepage.aspx?cid=2086>) or otherwise available via the web. The password to that site will be distributed in class and should be available on eLearning as well.

## Suggested Course Materials

- Subscription to a newspaper or weekly magazine with some attention to international business. *The Economist*, *The Financial Times*, and *The Wall Street Journal* are particularly recommended.
- Schmidt, Diane E. (2010) *Writing in Political Science: A Practical Guide (4<sup>th</sup> edition)*. Pearson Longman. (Just a good general reference that will be useful other classes as well.)

## Assignments & Academic Calendar

Assignments marked with an asterisk (\*) should be available via eLearning.

### Section I – Historical and Theoretical Framework

Jan. 9	Introduction to the Course
Jan. 11	Writing Workshop: Perceptions & Preconceptions Orwell 1946 and Poole 2013
Jan. 16	<b>No class – Martin Luther King, Jr. Day</b>
Jan. 18	Defining MNCs, History, Heterogeneity (Reading: Cohen 2007 Ch. 4)
Jan. 20	Why Firms Go International (Reading: Hennart 2009)
Jan. 25	Global Value Chains (Reading: Cohen 2007 Ch. 9) <b>Last day to drop without a “W”</b>
Jan. 27	Choosing Foreign Markets (UNCTAD 2014, Ch. 1)
Feb. 1	Ownership Structure and Governance (Gourevitch 2003)
Feb. 6	State Capitalism and EMNCs (Williamson and Zeng 2009)
Feb. 8	Catch-up/Review
Feb. 13	<b>Midterm Exam</b>
Feb. 15	Industrial Policy and Incentives (Thomas 2011, Thomas 2014)
Feb. 20	Speaker on Economic Development in North Texas
Feb. 22	Political Risk (Maurer 2013, Chapter 3)
Feb. 27	Speaker: Yehia Mokhtar of Kroll Associates (Reading TBA)
Mar. 1	Investor-State Dispute Settlement (Sweet 2006)
Mar. 6	Political Risk Insurance (Van de Putte et al. 2012) <b>Midterm grades available online</b>
Mar. 8	Government Relations (Jensen et al. Ch. 5)

Mar. 13-17	Spring Break – No Class
Mar. 20	MNCs and NGOs: Interactions; <b>1st Paper Due</b> (Teegen, Doh, & Vachani 2004)
Mar. 22	Macroeconomic Impact (Moran 2011)
Mar. 27	Taxation/Corruption <b>Last day to withdraw with “W”</b>
Mar. 29	Transfer Pricing – Guest Speaker Bill Seeger, formerly of KPMG
Apr. 3	Labor (Mosley 2008)
Apr. 5	Human Rights (Coll 2012)
Apr. 10	<b>First Draft of 2<sup>nd</sup> Paper Due</b>
Apr. 12	Field trip to RFAB?
Apr. 17	Environment (Rowlands 2001)
Apr. 19	RFAB?
Apr. 24	Corporate Social Responsibility(The Economist 2008)
Apr. 26	Private Authority (Cutler 2002) <b>Second Draft of 2<sup>nd</sup> Paper Due</b>

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### Grading Policy

The primary assignments in the class will be one exam and two papers, each of which will go through multiple revisions. The exam will focus on the theory of MNCs, and will count 30% of the course grade. The first paper will be a case study of an investment dispute; the second is likely to be a policy paper. Each paper will count 25% of the course grade. The remaining 20% of the grade will be determined by participation in class and in other writing exercises, primarily on eLearning (see below).

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### Course & Instructor Policies

#### *Electronic resources*

Students must regularly check UTD email, and are responsible for any class assignments made via email. Even if a sent message is returned to the sender due to a full mailbox, students are still responsible for the content of the message.

#### *Attendance*

Students are expected to attend all classes, although excused absences are granted with doctor's notes or other acceptable documentation. Students with poor attendance records will also have low participation grades. While lectures are designed to clarify and enhance your knowledge, they will not be avenues to pass the course in their own right. All students should prepare adequately for class discussions by reading the any necessary material before class.

Participation in class discussions is crucial for your own educational process. Ask questions if something is not clear; odds are that someone else in the course is wondering the same thing. Formulating a good question often helps you realize what you don't understand. Bring to our discussions your own experiences as well as outside readings – the success of this class will depend on it, plus participation is a great way to show that you are prepared!

#### *Writing Center*

UTD's Student Success Center ([www.utdallas.edu/studentsuccess](http://www.utdallas.edu/studentsuccess)) offers several resources that you should be aware of. For our writing class in particular, the Writing Center provides UTD students with free consultations and assistance with individual writing assignments. Call 972-883-6736, or drop by MC 1.312 to make an appointment.

#### *Electronics in Class*

Please be courteous to your classmates and do not use any electronic device in a way that distracts them from course content. Students who do so will be asked to turn off the device and/or leave. Students who bring laptops and smartphones to class will regularly be asked to use them to help us resolve in-class questions and to contribute to the discussion.

#### *Late Papers*

Papers turned in after the deadline will be docked one letter grade for each day overdue. Those subject to peer evaluation may not get the required feedback, depending on when they are submitted.

#### *Appeals*

Any student who wishes to challenge a grade on any written assignment in the course may challenge the grade by writing a memo specifying the grade you think you deserve and the logic supporting your request. Address that memo to the course instructor, and include the original assignment and evaluation. Appeals must be made within one week of receiving the graded assignment.

All the University's policies and procedures regarding courses also apply to this course – those may be found at <http://go.utdallas.edu/syllabus-policies>.

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### **Comet Creed**

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

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### **UT Dallas Syllabus Policies and Procedures**

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

***These descriptions and timelines are subject to change at the discretion of the Professor.***

## Required Readings

Cohen, Stephen D. (2007), *Multinational Corporations and Foreign Direct Investment* (Oxford: Oxford University Press), Chapters 4 & 9.

Coll, Steve (2012). *Private Empire: ExxonMobil and American Power* (New York: The Penguin Press). Chapter 4, pp. 93-121.

Cutler, A. Clair (2002), "Private International Regime and Interfirm Cooperation." In Rodney Bruce Hall and Thomas Biersteker, eds. *The Emergence of Private Authority in Global Governance* (Cambridge: Cambridge University Press). Chapter 2, pp. 23-40.

The Economist (2008), "Special Report: Corporate Social Responsibility." 17 January 2008. Available at <http://www.economist.com/node/10491055>.

Eden, Lorraine (2009). "Taxes, Transfer Pricing, and the Multinational Enterprise." In Alan M. Rugman, ed. *The Oxford Handbook of International Business*, 2nd edition (Oxford: Oxford University Press). Chapter 21, pp. 591-619.

Gourevitch, Peter (2003). "Corporate Governance." In Miles Kahler and David A. Lake, eds. *Governance in a Global Economy*. Princeton, NJ: Princeton University Press. Chapter 12, pp. 305-331.

Hennart, Jean-Francois (2009). "Theories of the Multinational Enterprise." In Alan M. Rugman, ed. *The Oxford Handbook of International Business*, 2nd edition (Oxford: Oxford University Press). Chapter 5, pp. 125-146.

Jensen, Nathan M., Glen Biglaiser, Quan Li, Edmund Malesky, Pablo M. Pinto, Santiago M. Pinto, and Joseph L. Staats (2012), *Politics and Foreign Direct Investment* (Ann Arbor, MI: University of Michigan Press).

Kwok, Chuck C.Y. and Solomon Tadesse (2006). The MNC as an agent of change for host-country institutions: FDI and corruption. *Journal of International Business Studies* 37(6), 767–785.

Maurer, Noel (2013). *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893–2013* (Princeton, NJ: Princeton University Press). Chapter 3, pp. 58-88.

Moran, Theodore H. (2011). *Foreign Direct Investment and Development: Launching a Second Generation of Policy Research* (Washington, DC: Peterson Institute of International Economics). Chapter 7, pp. 81-98.

Mosley, Layna (2008). "Workers' Rights in Open Economies Global Production and Domestic Institutions in the Developing World." *Comparative Political Studies* 41(4-5), pp. 674-714.

Orwell, George (1946). "Politics and the English Language." *Horizon* 13(76), 252-265. Available at <https://www.mtholyoke.edu/acad/intrel/orwell46.htm>.

- Poole, Steven (2013), "My Problem with George Orwell." Available at <http://www.theguardian.com/books/2013/jan/17/my-problem-with-george-orwell>
- Rowlands, Ian H. (2001) in Josselin, Daphne, and William Wallace, eds. *Non-state Actors in World Politics*. Basingstoke: Palgrave. Chapter 8, pp. 133-149.
- Sweet, Alec Stone (2006), "The New Lex Mercatoria and Transnational Governance." *Journal of European Public Policy* 13(5), 627-646. Available via <http://digitalcommons.law.yale.edu/>.
- Thomas, Kenneth P. (2011), "Investment incentives and the global competition for capital," *Columbia FDI Perspectives*, No. 54 (December 30, 2011), Available at [http://ccsi.columbia.edu/files/2014/01/FDI\\_54.pdf](http://ccsi.columbia.edu/files/2014/01/FDI_54.pdf)
- Thomas, Kenneth P. (2014) "How to deal with growing incentives competition," *Columbia FDI Perspectives*, No. 131 (September 29, 2014), Available at <http://ccsi.columbia.edu/files/2013/10/No-131-Thomas-FINAL.pdf>
- United Nations Conference on Trade and Development (2014). *World Investment Report 2014*. New York and Geneva: UN Publications. Chapter 1 (Global Investment Trends), Available from [http://unctad.org/en/PublicationChapters/wir2014ch1\\_en.pdf](http://unctad.org/en/PublicationChapters/wir2014ch1_en.pdf)
- Vachani, Sushil, and N. Craig Smith (2004). Socially responsible pricing: Lessons from the pricing of AIDS drugs in developing countries. *California Management Review*, 47(1), 117-144.
- Van de Putte, Alexander, David F. Gates, and Ann K. Holder (2012). Political risk insurance as an instrument to reduce oil and gas investment risk and manage investment returns. *Journal of World Energy Law & Business* 5(4), 284-301.
- Williamson, Peter J. and Ming Zeng (2009), Chinese multinationals: Emerging through new global gateways. In Ramamurti and Sing, eds, *Emerging Multinationals in Emerging Markets*. Cambridge: Cambridge University Press. pp. 81-109.