

# THE POLITICAL ECONOMIST

Newsletter of the Section on Political Economy, American Political Science Association

Co-Editors:

Randall Calvert & Matthew Gabel, Washington University in St. Louis

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## Feature Essay Private Politics-A Research Agenda

Daniel Diermeier

IBM Distinguished Prof. of Regulation & Competitive Practice  
Dept of Managerial Economic & Decision Sciences (MEDS)  
Director, Ford Motor Company Center for Global Citizenship  
Northwestern University  
[d-diermeier@kellogg.northwestern.edu](mailto:d-diermeier@kellogg.northwestern.edu)  
<<http://www.kellogg.northwestern.edu/faculty/diermeier>>

### Introduction

The term “private politics” appears to be an oxymoron (Baron 2003 and Baron and Diermeier 2007).<sup>1</sup> When we think of “politics” we think about parliaments, elections and other institutions. However, there is a growing type of political interaction that, while clearly focused on social and policy issues, operates outside of these institutional environments. Consider the example of regulation of economic activity. Regulation is usually understood as the result of government action exercised and implemented by legislatures, agencies, and the courts. Yet, in recent years public institutions are no longer the sole source of constraints on business activity. Rather, political activists and non-governmental organizations (“NGOs”) have increasingly succeeded in forcing firms to change their business practices by directly targeting companies and their value chains. Issues include, among others, environmental protection, human rights, discrimination, privacy, safety of employees and customers, endangered species, and animal welfare testing. The activists’ explicit or implicit goal is *private regulation*, i.e. the “voluntary” adoption of rules that constrain certain company conduct without the involvement of public agents.

In many instances, activists do not merely try to change the behavior of one specific firm, but industry practice as a whole. Their weapons of choice range from consumer boycotts to shareholder activism and divestment campaigns.<sup>2</sup>

While sometimes self-regulation is eventually codified in governmental regulation, there are increasingly more examples where industries adopt explicit standards of self-regulation without any reference to governmental actors.<sup>3</sup> Perhaps even more common is the tacit abandonment of controversial business practices by individual firms. The McDonald’s Corp., for example, has modified its business practices in response to activist campaigns and in anticipation of both public and private politics. McDonald’s has changed its conduct in the following areas (Baron, 2006):

- Safety: food, toys, and PlayPlaces;
- Environment: natural resources, rain forests, sustainability, waste management, pollutants (HFC-free restaurant in Denmark);
- Suppliers: governs and monitors the employment relationship of its suppliers, including conducting unannounced inspections of facilities;
- Animal Welfare: established Guiding Principles covering direct and indirect suppliers require minimal space standards for feed lots and hatcheries, conducts on-site audits of animal processing facilities, established a council of outside experts, hired animal welfare specialists, and funded animal welfare research;
- Antibiotics: established a Global Policy on Antibiotics Use in Food Animals to avoid possible antibiotic resistance in

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## A Letter From the *Editors*

More than any other discipline in the social sciences, political science is defined by the subjects it studies, not by any characteristic method or approach. Having decided what to study, political scientists then (notoriously) borrow their methods from other disciplines: sociology, psychology, economics, philosophy, history, geography, and occasionally others. Some political science (1) addresses economic subjects, (2) asks questions common in economics, or (3) employs the analytical methods characteristic of economics. The disjunction of these three characteristics—that is, political science that does one or more of these three things—provides a simple, maximally broad definition of “political economy”. This definition would encompass the use of methods from sociology to address the political conditions for economic development, or the use of rational-choice methods from economics to address non-economic phenomena such as voting or deliberation.

Similarly, the conjunction of all three characteristics gives a maximally narrow definition of political economy: political science that uses the methods of economics (adapted to political actors) to ask economic (and simultaneously political) questions about a subject related to economics (and simultaneously to politics). Good examples of political science in this narrow core of political economy include the study of how government, elections, and the macroeconomy interact; and the study of how political incentives lead elected governments to provide public goods inefficiently.

The subjects in the narrow core of political economy bear great intrinsic interest and practical importance. This core, however, seems rather too narrow to define a major organized section of the APSA. At any rate, the Section on Political Economy has never taken the narrow approach to defining itself. Rather, it defines a broader community within which scholars and scientists

maintain contact with new developments concerning the research questions, analytical methods, and subject matter that connect them to political economy. This community is beneficial to its members because political economists of one stripe are so often interested in neighboring forms of political economy.

The goal of *The Political Economist*, then, is to promote this exposure both within and across the subdivisions of political economy in its broader definition. As editors, we intend to do this by continuing to publish feature essays that survey recent developments or that synthesize the state of our knowledge through timely retrospectives; and by serving as a clearinghouse of information about political economy conferences, speaker series, and convention panels. We solicit your e-mailed suggestions and memoranda about topics, authors, and events that may be of widespread interest in our field. A few potential topics for feature essays are on our drawing board, including:

- **The political economy of law and the courts.** Our law school colleagues tend to refer to everything touched by economic-style methods as “Law and Economics.” One category that political scientists would clearly distinguish from Law and Economics, however, is the application of economic-style methods to study behavior in legal institutions, and the implications of that behavior for the political system.

- **Issues of selection bias in empirical research.** Methodologists in offer various statistical tools to detect and correct for “selection bias”. An alternative political economy approach, on the other hand, would proceed by theorizing about political behavior and organizational outcomes to model explicitly the effects on what sorts of cases will be observed and what sorts won’t.

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*From the Editors...continued from page 2*

- **The political economy of terrorism.**

Even when labor is plentiful, qualified candidates may be hard to find—complicating the relationship between poverty and terrorist movements.

- **The politics of multinational firms.**

How do economic incentives (tax rates) and political incentives (geographic representation in policy-making) influence location and production decisions of MNFs?

- **The political economy of deliberation.**

Does deliberation change preferences? transmit information? coordinate expectations? or what?

- **The political economy of news media.**

The “news media” is an industry. How do its economic incentives affect the way it conveys political information?

- **Theories of lobbying.** This topic of longstanding interest in political

economy has attracted various theoretical approaches. What do we know now?

We welcome suggestions from the membership on specific questions within the above topics or on altogether different topics for us to feature in the newsletter.

This issue features an essay by Daniel Diermeier on “Private Politics.” The political economy of regulation is largely focused on public policy. However, dramatic reforms in business practices by major companies are often the result of public pressure brought by activist groups working outside formal government institutions. Indeed, organized consumer actions (often in foreign markets) arguably have had a greater impact on environmental protection, human rights protection, and labor regulation in the developing world than traditional forms of government policy.

How and why do boycotts and other forms of private politics succeed or fail in regulating firm behavior? Obviously, these questions are important for understanding economic regulation, a long-standing focus of political economy research. Yet these activist campaigns have up to now been studied only in business and management journals. We suspect political economists might learn a lot from, and have a lot to add to, this literature. As Diermeier points out, central questions in political economy—e.g., collective action problems and strategic behavior—are important aspects of private politics. His critical review of the literature and suggested research topics provide valuable guidance in how political economists can engage these questions of private politics.

Randall Calvert

[calvert@wustl.edu](mailto:calvert@wustl.edu)

Matthew Gabel

[mgabel@artsci.wustl.edu](mailto:mgabel@artsci.wustl.edu)

*Diermeier Feature Essay...continued from page 1*

humans; phased out of growth hormones;

- Healthy lifestyles/obesity: established an Advisory Council on Healthy Living and revised its menu.

This change in institutional arenas seems to reflect a conscious strategic shift by activists. Many activists now believe that the “long march through the institutions”<sup>4</sup> takes too long and can easily be blocked. Michael Brune, executive director of the Rainforest Action Network (RAN) commented that, “Companies were more responsive to public opinion than certain legislatures were. We felt we could create more democracy in the marketplace than in the government.” (Baron and Yurday, 2004) Democracy in the marketplace means that citizen consumers express through markets their assessment of firm and industry practices. If they object to logging in old growth forests, they can impose their will on timber companies by refusing to buy old growth products.

Commenting on the boycott campaign against Exxon Mobil for its stance on climate change, Paul Gilding, former head of Greenpeace, said,

“The smart activists are now saying, ‘OK, you want to play markets—let’s play.’ [Lobbying government] takes forever and can easily be counter-lobbied by corporations. No, no, no. They start with consumers at the pump, get them to pressure the gas stations, get the station owners to pressure the companies and the companies to pressure governments. After all, consumers do have choices where they buy their gas, and there are differences now. Shell and BPAmoco (which is also the world’s biggest solar company) both withdrew from the oil industry lobby that has been dismissing climate change.”<sup>5</sup>

Companies have started to take these challenges seriously, spending significant resources on corporate social responsibility programs and reports, as well as “reputation and issue

management” initiatives, and adopting self-regulatory standards at both the firm and the industry level. While many such changes in a company are defensive, some companies have tried to take advantage of the presence of concerned constituencies, for example by branding themselves as socially or environmentally responsible. Well-known examples include BP or Ben and Jerry’s (now owned by Unilever).

Despite the apparent practical importance of private regulation, political economists have largely ignored this emerging domain.<sup>6</sup> Baron (2003) defines “private politics” as a competition over who gets what that takes place outside the institutions of government, often in the arena of public sentiment. In that sense, private politics is perhaps more closely related to the study of international relations where mutual threats, bargaining, and self-enforcing agreements play an important role.

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## APSA POLITICAL ECONOMY AWARD ANNOUNCEMENTS

### William H. Riker Award

The **William H. Riker Award** is given for the best book on Political Economy. (\$500)

**Award Committee Chair**

Tom Romer  
Princeton University

**Committee Member**

David Laitin  
Stanford University

**Committee Member**

Thomas Oatley  
University of North Carolina, Chapel Hill

**Winner, 2007: Daron Acemoglu (MIT) and James A. Robinson (Harvard), *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, 2006.**

Commendation: *Economic Origins of Dictatorship and Democracy* asks big questions about the development and consolidation of democracy. What makes it an outstanding book is that it shows how these questions can be studied by means of a coherent, rigorously formulated, yet supple analytical framework whose central focus is the interaction of economic and political forces. The range of applications and empirical illustrations shows the power of the theoretical structure. Each section of the book points toward further promising applications. The book is an impressive contribution, at the frontier of current research and fully in the spirit of William Riker's research program on the origins and evolution of political institutions.

### Mancur Olson Award

The **Mancur Olson Award** is given for the best dissertation completed and accepted in the previous two years. (\$500)

**Award Committee Chair**

Arthur Lupia  
University of Michigan

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**Winner, 2007: Meredith Rolfe for "A Social Theory of Voter Turnout." (University of Chicago. Chair: Mark Hansen; other members: John Brehm and John Padgett, University of Chicago, and Jonathan Katz, California Institute of Technology)**

Commendation: "A Social Theory of Voter Turnout" is noteworthy for many reasons. First and foremost, it brings a novel and creative approach to the question of why some people vote in elections while others do not. Substantively, Dr. Rolfe emphasizes the social situations in which citizens find themselves. She examines the extent to which a chosen citizen living near and otherwise interacting with people who vote increases her likelihood of voting. This approach complements the mainstream of the existing literature, which focuses mainly on personal-level factors such as education. Rolfe argues that a person's environs have substantial effects on turnout over and above those identified in studies that focus only on personal-level factors.

The argument is first made theoretically. Rolfe presents creative network models that show how the location and concentration of citizens with various orientations towards voting can affect how each citizen contemplates whether or not to go to the polls on Election Day. These models provide a new and coherent logic for understanding how neighborhood-level attitudes towards voting can diffuse and, in so doing, alter the subsequent voting calculus of individual members.

The argument is then supported empirically. Using data from a number of countries, Rolfe demonstrates how variations in the number of citizens who are likely to vote under any circumstance correspond to increased levels of turnout amongst voters without such initial predispositions. Rolfe then turns to a more concentrated analysis of a smaller set of elections. These elections occur in the southeast portion of the United States and are what most analysts would describe as low salience elections. Her analysis integrates voting returns, census data and interviews with candidates from that region. This analysis is unique and original. A subsequent analysis examines turnout in high salience elections. Collectively, this work not only provides strong for the basic theoretical foundation of the dissertation, it also provides a thought provoking analysis about how this foundation affects ground-level politics.

The committee was particularly impressed by the degree of creativity exhibited in the research design, the range of materials integrated into the empirical work, and the ways in which Dr. Rolfe used all these inputs to help us rethink important questions about voter turnout in a very constructive way.

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## APSA POLITICAL ECONOMY AWARD ANNOUNCEMENTS

### Best Paper Award

The **Best Paper Award** is given for the best paper in Political Economy presented at the APSA meeting. (\$250)

**Award Committee Chair**

Strom Thacker  
Boston University

**Committee Member**

Jonathan Katz  
California Institute of Technology

**Committee Member**

Michael Thies  
University of California, Los Angeles

**Winner, 2007: Raymond M. Duch (University of Oxford) and Randy Stevenson (Rice University), "The Global Economy, Competency and the Economic Vote."**

Commendation: Raymond Duch and Randy Stevenson's paper explains the conditions under which voters do or do not exercise the economic vote. In a compelling model and convincing set of cross-national empirical tests they argue that voters are able to discern the difference between economic shocks over which politicians have no control and those for which politicians can be blamed or credited. This paper promises to reshape the debate over economic voting.

### Michael Wallerstein Award

The **Michael Wallerstein Award** is given for the best published article in Political Economy in the previous calendar year. It is presented at the APSA meeting. (\$1,000)

**Award Committee Chair**

James Alt  
Harvard University

**Committee Member**

Roger Myerson  
University of Chicago

**Committee Member**

James Robinson  
Harvard University

**Winner, 2007: Catherine Hafer (New York University), "On the Origins of Property Rights: Conflict and Production in the State of Nature," *Review of Economic Studies* 73: 119–143.**

Commendation: This article takes a fresh look at one of the fundamental questions of social theory, the origin of property rights. What is so compelling about the article is both that the technical analysis is done very well, and also that by doing it so very well the author gains more purchase on important aspects of the problems under study. From a beginning with no institutions, she endogenizes property rights in a world of primitives (like talents) and derives a kind of social equilibrium where property rights exist even though there is not full efficiency (but not minimal efficiency either). There is some arbitrary quality to who ends up owning land (in terms of their underlying characteristics) and some end up holding land who are not likely winners, because of the way people update their beliefs. Indeed, there is nothing automatic about who ends up owning land: landowners may not be the most talented, strong, or even good at other things. In the equilibrium of her model, nevertheless, property is very secure, but that there isn't continuous contestation is not obvious *ex ante*, and the world evolves into groups of haves and have-nots. The model resonates with historical instances of the emergence of stable property rights out of conflict, as in Latin America after independence: her model is a way to think about this real social dynamic. Theory at its best.

### *Diermeier Feature Essay...continued from page 3*

Another point of contact is the study of social movements, e.g. the civil rights movement. NGOs and social movements share not only techniques (such as consumer boycotts or lawsuits), but also some of the same problems (ensuring wide-spread participation among the public, etc.). However, social movement theory is mostly concerned with changes in public policy such as civil rights laws. Private politics, on the other hand, is

exclusively concerned with changing private behavior such as private consumption, company policy, or industry-standards. Of course, the boycott of companies (whether private or government-owned) may be an important means to accomplish a change in government policy or law, such as the use of bus boycotts during the U.S. civil rights movement. That is, if the NAACP calls for boycotts to force a company to

change its board composition to include more minorities, it is engaging in private politics. However, if the targets are businesses located in South Carolina because of the state's continued use of the Confederate flag, it engages in public politics.

Of course, private and public politics can be interconnected. Companies and industry may adopt industry-wide

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standards to preempt public regulation. A well-known example is the rating system of the Motion Picture Association of America. Similarly, private standards may become codified in laws or public regulations such as the dolphin-safe tuna label or the designation “organic.”

These conceptual differences have important consequences for research design. To discuss them in detail we turn to the paradigm of private politics: consumer boycotts.

### **The Paradigm: Consumer Boycotts**

Consumer boycotts are the quintessential instrument of private politics, yet they are frequently misunderstood. First, it is a common misunderstanding that boycotts are concerned solely with the behavior of a particular firm, e.g. to punish it for (in activists’ view) egregious behavior. Examples of such single-firm issues are the National Organization for Women’s (NOW’s) targeting of Domino’s Pizza because its founder, principal shareholder, and CEO had personally contributed to Catholic pro-life organizations, or the recent attempt by the National Council of Women’s Organizations to force the Augusta National Golf Club to admit female members.

Rather, in most cases, consumer boycotts will attempt to privately regulate *industry* behavior. When concerned about practices that are pervasive in an industry, activists frequently select a single firm as their target. The advantage of selecting one firm is that it reduces participation costs for consumers. If only one oil company is boycotted, consumers can buy their gasoline cheaply at a (non-targeted) competitor. Once one firm in an industry concedes, the next can be targeted and so forth. Targeting firms sequentially thus can be advantageous.<sup>7</sup>

When an activist group uses a sequential targeting strategy, *optimal* target selection becomes critical. Target selection strategies vary widely.<sup>8</sup> Activists sometimes do target “worst offenders.” For example, environmental

activists concluded that ExxonMobil was the most obstinate opponent of measures to address global climate change. As a result, European activists have led a boycott of Esso products. On the other hand, sometimes activists target firms, such as BP and Starbucks, that have positioned themselves as socially responsible and environmentally friendly. In other cases activists target the most well-known or largest company in an industry. An example is the targeting by community action group ACORN of Citibank in subprime lending markets. Finally, in some cases companies appear to be targeted because of past actions even though the company may have changed its policy, management, or owner. An example here is the campaign against the animal testing company Huntington Life Sciences.

The main point is that targeting appears to be largely driven by strategic calculations. Indeed, activists frequently do not target a company directly, but firms in its value chain i.e. its suppliers or customers. The Rainforest Action Network (RAN) sought to end the logging of old growth forests, and rather than threaten Boise Cascade, a paper and wood-products company, directly, RAN threatened its corporate customers. RAN first went after Kinko’s which quickly declared that it would not purchase products made from old growth timber. RAN also targeted home improvement companies, and chose to boycott Lowe’s - the number 2 in the U.S. market. RAN reasoned that women would be more sympathetic to its cause than men, and it knew that women make most of the home remodeling decisions. RAN also knew that Lowe’s primarily caters to women, whereas Home Depot does not. For example, Lowe’s has wider aisles than Home Depot, which are preferred by female customers (Baron and Yurday 2004).

Understanding such targeting strategies is a key challenge for a theory of private politics.<sup>9</sup> For example, activists may target worst offenders because that may lead more consumers to participate.

On the other hand, companies that position themselves as ‘socially responsible’ can make good targets for some issues because they may most readily acquiesce. A distinctive aspect of studying private politics is that the firm’s market position and the structure of the industry may be critically important to understanding activists’ strategies. For example, boycott success seems to depend on the availability of close substitutes. This makes, for example, oil companies more attractive targets than car companies. Activists also need to understand the costs for companies to give in to their demands. This may be easier for high margin companies that compete on non-price dimensions such as brand or quality, especially when the company’s branding strategy already contains a social responsibility component such as Starbucks. Finally, if activists target members of the value chain (such as retailers) they also need to understand the company’s cost of switching suppliers and the consequences for their competitive position.

### **Firm Strategies and Campaign Success<sup>10</sup>**

The contrapuntal to activists’ targeting strategies are firms’ strategies. For example, under what circumstances will they acquiesce or resist the activists? In some cases activist pressure may create unanticipated effects. For example, a firm that demonstrates that it is responsive to activist pressure may reveal itself as responsive and become a better target for future campaigns, as Starbucks has learned (Argenti 2004). Moreover, a target that reveals that it is soft, if chosen as a target in the future, may face a more aggressive campaign with stronger demands and threats. Therefore, building a reputation for toughness may be in the interest of the firm, but the same applies, of course to activists.

The desirability of concessions, on the other hand, may depend on how

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credibly the activists can commit not to demand more from the firm. This requires assessing the past record of the activists and the anticipated public support for their causes. It is also important to recognize that making concessions to avoid a campaign by one activist may not satisfy a more aggressive or radical activist. Activists compete for donations and other forms of support and strive to develop their own “brand.” A strategy intended to shift an activist’s focus to another potential target may instead shift the firm from being targeted by a moderate activist to a more radical activist.

One strategy is to negotiate with the activist to reach an acceptable outcome less extreme than the activist’s demand. In its campaign against Citigroup, RAN was willing to accept less than its demands but more than contained in the Equator Principles, a set of industry guidelines for the financial industry in regard to the social and environment impact of project financing. When Global Exchange targeted Starbucks demanding that the company sell Fair Trade coffee, they reached an agreement in which Starbucks would sell the coffee in its company-owned stores for one year and then evaluate whether to continue, expand, or discontinue its sale of Fair Trade coffee (Argenti, 2004).

Another strategy for addressing a campaign is simply to stonewall or delay, with the hope that the activist will turn to other issues or targets. For two years Citigroup conducted discussions with RAN without making concessions or agreeing to negotiate. Eventually, however, it did agree to concessions. Stonewalling and other forms of costly delay can reveal information about how effectively the activist can deliver harm, or about the likely resolve of the company.

Another counter-strategy is to attempt to make the campaign an industry matter rather than one involving a single target firm. Firms may have an incentive to act as an industry to avoid a race to the top where sequentially targeted companies adopt increasingly tougher

standards. Firms in an industry may anticipate that they will be subsequently targeted if the first target concedes to the activist’s demands. Other firms, however, may not wish to come to the assistance of a targeted firm, perhaps because they want to avoid the heat of a campaign as long as they can or because they have experienced an increased demand for their products. The ability of firms to solve this collective action problem will depend on industry structure and, in many cases, the existing regulatory environment.

Finally, we need to understand which factors explain the success of campaigns. One key factor, of course, is widespread participation by consumers. Participation in boycotts constitutes a collective action problem. However, many of the factors proposed to overcome the collective action problem in other contexts are largely irrelevant for an understanding of consumer boycotts. Consider the Nike or Shell boycott as an example. Millions of customers participated in the boycotts without selective incentives, repeated interaction, or membership in a meaningful social network. Much more important, it appears, are economic factors such as switching costs by customers and companies. For instance, it is cheaper for Kinko’s to change suppliers than it is for Unocal to abandon a billion dollar investment in Myanmar.

Diermeier (2003) provides a simple model of boycotts that predicts boycott success based on three factors: the collective benefit of boycott success, the cost of participation, and the economic harm level at which the company will give in. The existing empirical literature on boycotts yields no consistent picture of their effects on companies. Much of the existing work utilizes event studies of stock market reaction to boycotts. Davidson, Worrell, and El-Jelly (1995) found that the announcements of 40 boycotts between 1969 and 1991 resulted in a statistically significant decrease in the share price of the targets. Friedman (1985), Pruitt and Friedman (1986), and

Pruitt, Wei, and White (1988) found evidence that boycotts significantly reduced the market values of target firms. Koku, Akhigbe, and Springer (1997), however, found that the market values of 54 target firms increased significantly. Teoh, Welch, and Wazzan (1999) found no significant effect of the boycott of South Africa on either U.S. firms or on shares traded on the Johannesburg Stock Exchange. Epstein and Schnietz (2001) studied the effect on the stock prices of firms identified as “abusive” by the anti-globalization demonstrations at the 1999 Seattle World Trade Organization meeting. Firms that were identified as abusive because of environmentally damaging activities had significantly lower stock returns, whereas firms with allegedly abusive labor practices experienced normal returns.

One problem with existing studies is that they do not take into account the strategic complexities that result from strategic target selection, pro-active strategies by firms and so forth. Without modeling such interactions explicitly, empirical results are likely to be subject to selection bias resulting in biased and inconsistent estimates. Finally, creating a sufficiently comprehensive data set on boycott campaigns is in itself a significant challenge. Recent work by Eesley and Lenox (2005) and Lenox and Eesley (2006) constitutes a first, promising, step in overcoming these challenges.

## **Consequences of Private Politics**

Private politics focuses on influencing markets and the practices of market participants. This influence moves markets and their participants in particular directions, but what are the consequences of these interactions? In other words, are private politics “good” or “bad” for society? One possibility is that it moves it in the direction of greater economic efficiency. For example, some private politics is directed at negative externalities, and responding to those externalities could improve efficiency and

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social well-being.

A second hypothesis is that private politics drives outcomes in the direction of greater justice. Some private politics, such as that associated with the Fair Trade movement, is intended to improve the well-being of the poor in developing countries by circumventing markets and coordinating market behavior. Such effects, of course, are beyond the scope of neo-classical welfare economics.

A third hypothesis is that private politics is about redistribution through coercion. That redistribution may be in favor of an identified group, such as those who value old growth forests or wetlands, but comes at the expense of others such as loggers, property owners, and possibly consumers.

A potentially promising research direction to investigate these questions in more detail would be to compare regulatory changes due to an activist campaign not only to the "benevolent observer" of welfare economics, but the second- or third-best world of political economy models of public regulation.

## A Final Comment

Overall the area of private politics offers fertile ground for rigorous political economy research. The strategic issues are rich and sufficiently complex, but seem amenable to formal models and rigorous empirical analysis. One of the more attractive features of this area of research is that it may benefit from combining diverse research traditions ranging from industrial organizations over social movements to formal models of reputation. Rigorous tests of formal models are currently limited by the lack of a widely available data set, but recent work is in the process of overcoming this hurdle as well.

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## Endnotes

Many of the ideas in this article are based on joint work with David Baron, especially as expressed in Baron and Diermeier (2007). However, all errors and omissions are entirely my own. My gratitude also goes to Justin Heinze for superb research assistance.

<sup>1</sup> Merriam Webster's Dictionary provides the following: "Politics: (a) the art or science of government, (b) the art or science concerned with guiding or influencing governmental policy, (c) the art or science concerned with winning and holding control over a government."

<sup>2</sup> Extremist activists have also resorted to direct intimidation of employees and service providers, including violent attacks (see Diermeier, 2003).

<sup>3</sup> Another, conceptually distinct, form of self-regulation is adopted to preempt government action. The focus in this article is on self-regulation to prevent harm from the actions of private agents (activists, NGOs) not public agents (regulators, legislators, courts).

<sup>4</sup> This term is attributed to German activist Rudi Dutschke.

<sup>5</sup> *The New York Times*, June 2, 2001.

<sup>6</sup> Much of the existing work is based on case studies but there is little empirical research or formal modeling. What little work exists frequently takes place at schools of management. We will discuss some of the existing approach in more detail below. However, this article is by no means intended as a comprehensive survey of the field. A good overview on the current state of the area can be found at the conference web-site of a recent conference at the Erb Institute at the University of Michigan (<http://www.erb.umich.edu/News-and-Events/NGO.htm>).

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# THE POLITICAL ECONOMIST

## AMERICAN POLITICAL SCIENCE ASSOCIATION POLITICAL ECONOMY SECTION MEETING AGENDA

FRIDAY, AUGUST 31, 2007 • 6PM  
CHICAGO SHERATON HOTEL, PARLOR G

1. **Brief report from Chair** – Jeff Frieden
2. **Brief report from Secretary-Treasurer** – Rob Franzese
3. **Brief report from Newsletter Editors** – Randall Calvert and Matthew Gabel
4. **Brief report from Program Chairs** — Irfan Nooruddin and Craig Volden
5. **Election of new officers**
  - A. **Proposal for three new council members:** Sarah Brooks, Brandice Canes-Wrone, and Sandy Gordon, to replace James Fearon, Nolan McCarty, and Layna Mosely
  - B. **Proposal for a new Secretary-Treasurer:** David Leblang, to replace Rob Franzese
6. **Awards**
  - a. **Michael Wallerstein Award for best article:** Catherine Hafer (New York University), “On the Origins of Property Rights: Conflict and Production in the State of Nature,” *Review of Economic Studies* 73: 119–143.
  - b. **William Riker Award for best book:** Daron Acemoglu (MIT) and James A. Robinson (Harvard), *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, 2006.
  - c. **Mancur Olson Award for best dissertation:** Meredith Rolfe for “A Social Theory of Voter Turnout.” (University of Chicago. Chair: Mark Hansen; other members: John Brehm and John Padgett, University of Chicago, and Jonathan Katz, California Institute of Technology)
  - d. **Best Paper Award:** Raymond M. Duch (University of Oxford) and Randy Stevenson (Rice University), “The Global Economy, Competency and the Economic Vote.”
7. **Thoughts about next year’s meeting**

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## APSA WORKING GROUP ON HEALTH POLITICS

The 2007 APSA Working Group on Health Politics intends to fulfill two purposes:

- First, it will provide a forum for people who are eager to deepen our understanding of the ways we can apply the results of new research to the specific case of health politics and policy.
- Second, it is intended to advance the capacity of political science to articulate nuanced, analytical approaches to understanding the contemporary U.S. health system, and its vulnerabilities to a very diverse, opposed, and powerful set of interest groups.

Participants will determine which part of the argument they especially want to address, and will then report to the group on what they have learned about that part of the argument in relevant panels (regardless of whether those panels explicitly address health care). Ideally, the Working Group will end with a new agenda for research on health politics in the 2008 election.

*Registration.* Register for the *Working Group on Health Politics* at [http://www.apsanet.org/section\\_584.cfm](http://www.apsanet.org/section_584.cfm). For further information scroll down to **Working Group on Health Politics**; or contact Sue Tolleson-Rinehart ([suetr@unc.edu](mailto:suetr@unc.edu)).

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*Diermeier Feature Essay...continued from page 8*

<sup>7</sup> Activists sometimes target an entire industry at the same time (e.g. the tobacco industry). One possible explanation is that the industry understands the advantage of sequential targeting and hence responds as a collective, reducing the effectiveness of the activist campaign. Targeting the industry thus could be the equilibrium strategy of the activist.

<sup>8</sup> For a model of targeting see Baron and Diermeier (2007), for recent empirical results on targeting see Eesley and Lenox (2005) and Lenox and Eesley (2006).

<sup>9</sup> Note that none of these issues plays any role in the study of boycotts in the context of traditional social movements where the goal is a change in public policy or law. The reason

is, of course, that governmental authority is structured as a monopoly.

<sup>10</sup> Baron and Diermeier (2007) present a formal model that addresses many of these issues in more detail.

## SPEAKER SERIES & SEMINAR PAPERS IN POLITICAL ECONOMY

The editors thought it might be useful to provide members with a catalog of regular political economy speaker series. To that end, we canvassed the web for a few prominent examples sponsored by political science departments, economics departments, and political economy research centers. This is by no means a comprehensive list, and we encourage members to send links.

University of California at Berkeley Institute for Governmental Studies  
Seminar on Institutions and Positive Political Theory  
<[http://igs.berkeley.edu/research\\_programs/ppt/](http://igs.berkeley.edu/research_programs/ppt/)>

University of Chicago Harris School & Departments of Political Science and Economics  
Political Economy Workshop  
<<http://harrisschool.uchicago.edu/Academic/workshops/polecon.asp>>

Columbia University Institute for Social and Economic Research and Policy  
Workshop On Political Economy  
<[http://www.iserp.columbia.edu/workshops/political\\_economy.html](http://www.iserp.columbia.edu/workshops/political_economy.html)>

Harvard University Department of Government  
Dept. Research Workshop in Political Economy  
<<http://www.courses.fas.harvard.edu/~gov3007/>>

Indiana University Workshop in Political Theory and Policy Analysis  
Colloquia  
<<http://www.indiana.edu/~workshop/colloquia.html>>

University of Massachusetts Department of Economics  
Political Economy Workshop  
<<http://courses.umass.edu/econ804/>>

New York University Department of Politics  
Political Economy Workshop  
<<http://www.nyu.edu/cgi-bin/cgiwrap/ml1100/seminars.pl>>

Northwestern University Ford Center for Global Citizenship  
Political Economy Seminar Series  
<[http://www.kellogg.northwestern.edu/research/fordcenter/events/poliecon\\_past.htm](http://www.kellogg.northwestern.edu/research/fordcenter/events/poliecon_past.htm)>

University of Pennsylvania Department of Economics  
Political Economy Workshop  
<<http://www.econ.upenn.edu/cgi-bin/mecon/bin/calendar.cgi?task=gview&group=7>>

Princeton University Research Program in Political Economy  
Political Economy Workshop  
<<http://www.princeton.edu/~pegrad/pewsked.html>>

Stanford University Graduate School of Business  
Political Economy Seminars  
<[http://www.gsb.stanford.edu/FACSEMINARS/events/political\\_economy/](http://www.gsb.stanford.edu/FACSEMINARS/events/political_economy/)>

Washington University in St. Louis Center in Political Economy  
Political Economy Speaker Series  
<<http://artsci.wustl.edu/~polecon/>>

Yale University Leitner Program in International Political Economy  
Political Economy Field Workshop  
<<http://www.yale.edu/leitner/wip.htm>>