

Political Science 441  
Prof. J. Coleman  
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II, 1998-99  
Syllabus  
224 Ingraham  
TTh 11-12:15  
www.polisci.wisc.edu/~coleman

## THE POLITICS OF BUSINESS AND GOVERNMENT IN THE U.S.

### COURSE DESCRIPTION:

The relationship between government and business is one of the most enduring issues in American politics. Most of the great reform periods in American history have had business power and the extent of government intervention in the economy as core concerns. Today, battles over taxation, campaign finance reform, health care, trade policy, and now even Social Security redefine the business-government relationship yet again. This course is intended to provide students with an understanding of how business fits in the American political system. We will explore questions that are both empirical -- how much influence *does* business have -- and normative -- how much influence *should* business have. We will examine what each side hopes to achieve in this relationship. As a by-product of looking specifically at the business-government relationship, you will learn more generally about the interaction between government and the American economy. The issues raised in this course are relevant for students considering a wide variety of career paths.

The course begins by looking at varying assessments of the political power of American business. We then consider the various ways business organizes or acts to achieve its political goals. In the final portion of the course we put our learning from the first half to the test by examining four areas of government economic involvement: taxation, regulation, health care, and international trade. Here we want to see what policies look like, how the policies are made, the impact of these policies on business, how business and others tried to shape these policies, and what we might expect in the near future.

### COURSE REQUIREMENTS:

**Composition of Grades:** Grades will be determined by a combination of assignments and exams.

*Activation of email account:* All students are required to activate an email account by the end of the second week of class. Check your email at least twice a week and *read* the messages that are sent to you. Messages often concern questions that may clarify an issue with an assignment; when your assignment is submitted I will expect that you have read these messages. If you have not already done so, you can activate your account at <http://www.wisc.edu/wiscworld>.

*First examination (25% of grade):* a closed-book, in-class exam covering material from the start of the course. The exam consists of a combination of short answer and essay. Do *not* miss an exam and assume that you can make it up.

*Second examination (30% of grade):* a closed-book exam covering the course material after the first exam (i.e., this exam is not cumulative). The format is the same as the first exam. This exam

will be held toward the end of the final exam period. Take the exam date into account before making any travel plans for the end of the semester.

*Case preparation (10% of grade):* on the days that we will be discussing case studies, submit a short set of notes that indicate you have prepared for the case discussion. Keep a second copy of the notes for yourself. These notes can be reminders to yourself about the key points in the case, can be a summary of the case, can address specific questions I raised in advance of the case discussion, and so on. In short, I am less concerned about the form of the case preparation rather than having some indication that you did indeed seriously prepare. Each student will submit five of these during the semester; they are not valid if submitted after the case discussion. This is an easy 10%.

*Topic Report (10% of grade):* You will monitor discussion of business-oriented political news or follow discussion of how an issue (e.g., health policy) affects/unites/splits business and submit a succinct overview of the key players, policies, and positions during those weeks. You need to use a major national newspaper for this assignment—the New York Times, Washington Post, Wall Street Journal, Los Angeles Times, and Chicago Tribune are some examples. You should either subscribe to a paper, use the library, or plan on checking the web sites of these papers (my web site has a link to a large list of newspapers). You will submit a report on one of two dates during the semester (your choice); if you submit a report on the first date and are unhappy with your grade, you may submit a new report on the second date. I will supply more information about the report early in the semester.

*Case analysis (25% of grade):* The case analysis requires you to write a 5-page political strategy memo. It does not require outside research. The case material will be provided.

**Grading system:** When assignments are graded numerically, you can use the following as a guide: A: 93 and up, AB: 88-92.9, B: 83-87.9, BC: 78-82.9, C: 70-77.9, D: 60-69.9, F: below 60. Grades are not curved, but there may be some upward adjustment of final grades if I believe the grade distribution is excessively low. You should not assume such an adjustment will take place. I do not in any case adjust grades downward.

If you feel there is a mistake with the grading on an assignment, you will have one week from your receipt of the grade to make your **specific** concerns known to me. Assignments submitted late are subject to penalties.

**Attendance and Preparation:** Students are expected to attend the class meetings and do the assigned reading by the dates indicated in the syllabus or as indicated in class.

**Any instances of academic dishonesty will result in failure of the course and notification to the Dean. If you are unsure about what qualifies as academic dishonesty, see <http://www.wisc.edu/students/amsum.htm>. Let me know if you are having a problem; do not throw away your credits, your money, and your reputation.**

**Reading:** The reading for this course presents diverse perspectives on our topics, both ideologically and by specialty. The books ordered for the course, for example, are authored by political scientists, a sociologist, and a business economist.

The following books are available for purchase at the University Book Store:

Douglas A. Irwin, *Managed Trade: The Case Against Import Targets* (1994)  
Clarence Lo, *Small Property versus Big Government: Social Origins of the Property Tax Revolt* (1995)  
Jeffrey M. Berry, *The Interest Group Society*, 3rd edition (1997)  
Darrell West and Burdett Loomis, *The Sound of Money: How Political Interests Get What They Want* (1999)

All other readings are available in a course packet available at Studentprint.

## **COURSE OUTLINE AND READING LIST**

### **I. The Position of Business in State and Society**

1/19 Introduction to the course

No reading

1/21 The Privileged Position of Business?

Charles E. Lindblom, "The Market as Prison." *Journal of Politics* 44 (1982):324-336 (see the class website for a link to this article)  
Berry, *The Interest Group Society*, ch. 10

1/26 The Business-Government Partnership: A Temporarily Privileged Position?

West and Loomis, *The Sound of Money*, chs. 2 and 8

1/28 Power in Several Dimensions

Lo, *Small Property versus Big Government*, ch. 2  
"International Harvester," case study

2/2 Business and Government in American History

Harry N. Scheiber, "Government and the American Economy: Three Stages of Historical Change, 1790-1941," in Robert Weible, Oliver Ford, and Paul Marion, eds., *Essays from the Lowell Conference on Industrial History: 1980 and 1981* (1981)  
Graham K. Wilson, "Why is There No Corporatism in the United States?" in Gerhard Lehbruch and Philippe C. Schmitter, eds., *Patterns in Corporatist Policy-Making* (1982)

## II. The Political Organization of Business

2/4- Interest Groups and Political Action Committees

2/11

Berry, *The Interest Group Society*, ch. 4, pp. 109-115, chs. 7-8  
“Hill Feels the Big Clout of Small Business,” *CQ Weekly Report*, Jan. 10, 1998  
“Interest Withholding Tax,” case study

2/16- Challenges from Organized Interests

2/18

Berry, *The Interest Group Society*, chs. 2, 9  
Lo, *Small Property versus Big Government*, chs. 4-5  
“General Motors and the Corporate Average Fuel Economy Standards,” case study

2/23 Business and the Political Parties

Berry, *The Interest Group Society*, ch. 3  
West and Loomis, *The Sound of Money*, ch. 5

2/25 Business and the Media

Edward S. Herman and Noam Chomsky, *Manufacturing Consent: The Political Economy of the Mass Media*, ch. 1  
West and Loomis, *The Sound of Money*, ch. 3  
Berry, *The Interest Group Society*, pp. 116-28

3/2 FIRST EXAMINATION

3/4 NO CLASS / TOPIC REPORT DUE

3/9- SPRING BREAK

3/11

## III. Government, the Economy, and Business

### A. Taxation

3/16, Our “National Disgrace”: Business and the Tax Code

3/18

Lo, *Small Property versus Big Government*, chs. 6, 8  
Jonathan Chait, “Welfare Queens,” *The New Republic*, Dec. 16, 1996, pp. 22-23  
“Section 936 Tax Credit,” case study

## B. Regulation

3/23, Theories of Government Regulation and Deregulation of Business

3/25

Michael D. Reagan, *Regulation: The Politics of Policy* (1987), ch. 2

Martha Derthick and Paul J. Quirk, *The Politics of Deregulation* (1985), pp. 147-174, 212-218

3/30, The Politics of Economic and Social Regulation

4/1, 4/6

Thomas Romer and Barry R. Weingast, "Political Foundations of the Thrift Debacle." Working Papers in Political Science P-90-8, Hoover Institution (1990)

West and Loomis, *The Sound of Money*, ch. 6

Steven Kelman, "Cost-Benefit Analysis: An Ethical Critique," *Regulation* January-February (1981): 33-40

"Regulation of Mud Flaps," case study

## C. Health Care

4/8- The Rise and Fall of Health Care Reform

4/13

West and Loomis, *The Sound of Money*, chs. 4 and 7

4/15 NO CLASS / TOPIC REPORT DUE

## D. International Trade

4/20, Trade Policies and Institutions

4/22

David B. Yoffie, "American Trade Policy: An Obsolete Bargain?" in John E. Chubb and Paul E. Peterson, eds., *Can the Government Govern?* (1989)

I. M. Destler, "American Trade Policy at a Crossroads: An Approach for 1999— and Beyond," *The Brookings Review*, Winter 1998 , pp. 26-30

"Motorola and Japan," case study

4/27 Business Splits on Protection

I.M. Destler and John S. Odell, *Anti-Protection: Changing Forces in United States Trade Politics* (1987), ch. 3

4/29 Changes in U.S. Trade Policy

5/4

Irwin, *Managed Trade*, pp. 4-78

David Vogel, "Social Regulations As Trade Barriers: How Regulatory Reform Can Also Help Liberalize Trade," *The Brookings Review*, Winter 1998, pp. 33-36

"The Yunost Coat Factory and U.S. Protectionism," case study

5/4 CASE ANALYSIS DUE

5/6 Conclusion: American Government, Business, and the Economy

West and Loomis, *The Sound of Money*, ch. 9

5/14 SECOND EXAMINATION (12:25pm, Friday)