



**DEPARTMENT OF INTERNATIONAL BUSINESS  
SCHOOL OF PUBLIC POLICY & PUBLIC ADMINISTRATION**

Course: IBUS 6202/PPPA 6077, IBUS 6297/PPPA 6085 Summer 2016

Course Title Privatization, Nationalization, and Public-Private Partnerships

Instructor: Robert Weiner, Professor of International Business, Public Policy &  
Public Administration, and International Affairs  
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Office Hours Thursday 4-5pm, and by appt.

Course Objectives:

- ◆ Developing perspectives for analyzing whether and how to privatize enterprises, and how to evaluate enterprise performance after privatization.
- ◆ Providing participants with tools to understand the implications of public-private partnerships.

Course Description:

These two courses (six credits) examine, in an integrated fashion, privatization and public-private partnerships, focusing on the policy process and whether the privatization and public-private partnerships improve the financial and operating performance of formerly state-owned enterprises. The courses analyze the rationale for privatization and supporting policies for reforms. The courses will examine examples/cases drawn from a variety of industries including banking, oil & gas, telecom, and electricity. They provide an understanding of privatization through three perspectives: (1) Management and corporation governance issues after privatization including the impact of privatization and competition on the capital formation, output pricing, and structural change of privatized firms; (2) Effect of privatization on government efficiency, and the effect of the introduction of competition on the public accountability including allocation, distribution, and stabilization; (3) Impact of privatization on consumers in terms of access, reliability, price, quality and distributional equity.

The courses include a one-week trip to the UK to examine the history of the privatization and competition policy over the past quarter century. This will include:

- Analyses of cases of privatization from different industries in UK
- Visits with academics, policy analysts, and business leaders to gain insight into current assessment of privatization as a policy in UK.
- Discussions with UK consulting firms that have been heavily involved in privatization initiatives.

Students will discuss the lessons learned from the UK and explore the implications of the UK experience for privatization and competition policies in other countries.

#### Course Format:

Because students have different learning and working styles, this course will utilize a variety of learning and teaching formats. We will use lectures, discussions, and case studies. There is a significant amount of reading, as well as a group working paper, and an individual integrative memo, so students are urged to plan their time accordingly.

Students are expected to attend all classes. If you are unable to attend class, please call or email the instructor; absences will affect your participation grade. Students missing class are responsible for retrieving notes and assignments from classmates.

**Class participation** means speaking in class; attendance is insufficient. This is especially important for case discussion and guest speakers.

Students are expected to deliver their work on time. If you expect your work will be late for personal reasons, please discuss ahead of time with the instructor.

#### Academic Honesty:

Students are responsible for familiarizing themselves with the University's policies on academic honesty and integrity. Using words written by others without proper citation, or passing off someone else's work as your own, constitutes academic dishonesty and will be subject to disciplinary action—beginning with failure of the course. Group members are individually and collectively responsible for ensuring academic integrity of group work.

If you have questions regarding the use of materials, please ask.

## Work Requirements & Assessment:

### IBUS 6202/PPPA 6077 (seminar here)

Exam	40%	Take-home (sent June 16; <b><u>return by midnight, June 23/24</u></b> )
Group proposal	40%	<b><u>Due June 2, 5pm. 5 pp. + attachments.</u></b> The proposal for the project should describe what you plan to do, including description of the issues, justification/motivation of why they are important, scope of analysis (what will you focus on and how you will go about it), information you will need, and how you plan to obtain it.
Participation	20%	See note above. Also, <b><u>ATTENDANCE JULY 21 MANDATORY</u></b>

### IBUS 6297/PPPA 6085 (study abroad)

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| Group project | 50% | <p>Students will use the materials from lectures, contacts with people and organizations in the UK, and other sources to do a research project on lessons learned from privatization and public-private partnerships in one or more countries, possibly including the U.S., in accordance to their preference. The student research project will:</p> <ol style="list-style-type: none"><li>Identify outcomes predicted by privatization theory and policy analysis, e.g., firm financial performance, consumer prices and access, etc. Then examine outcomes that occurred (or did not occur) in a particular industry and country.</li><li>Investigate what happened and compare this with expectations. What did not happen? Why not? Discuss explanations for findings.</li><li>Identify consequences for future reform efforts.</li></ol> |
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#### **Group presentation & paper due at last mtg, July 21**

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| Reflection memo | 30% | Individual memo reflecting on the course, including lessons learned from the UK and unresolved issues. <b>Due 5pm July 14</b> |
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The objective of the reflection memo is to put together the parts of the course in Washington and London, and assess the course's effectiveness at providing the context and content for you to do so. These are personal reflections, not a group project, and should focus on what was important to you.

The memo should be about 5 pages (double spaced, 12-point type so I can actually read it) and address some of the following: What did you learn from the study program in London? What did you learn from fellow participants? What surprised you? Contrast what you learned in Washington to what you heard and found in London; that is, how does the theory you learned in Washington compare to the practice you learned about in London. Reinforcing? Contradictory? Confusing? What did you like and not like about the course? Which speakers were effective, which were not, and why? Redundancies? Inconsistencies? Suggestions for improving the course? Anything else you believe is important. Discuss why.

Participation	20%	See note above. Also, <b><u>ATTENDANCE AT VISITS MANDATORY</u></b>
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## CLASS SESSIONS

Session 1  
(May 19)

### **Group Formation**

### **Introduction to the Course, Political Economy of State Ownership and Privatization**

Musacchio, Lazzarini, and Aguilera. "New Varieties of State Capitalism: Strategic and Governance Implications," *Academy of Management Perspectives* 29(1), February 2015.

Moulton and Wise, Shifting Boundaries between the Public and Private Sectors: Implications from the Economic Crisis, *Public Administration Review* 70 (3), May-June 2010

<http://www3.interscience.wiley.com/cgi-bin/fulltext/123390002/PDFSTART>

Meggison, *The Financial Economics of Privatization* 2005, Ch 1

Roberts and Saeed. [Privatizations around the world: economic or political determinants? \*Economics & Politics\*, 24\(1\), Mar 2012](#)

### *Optional Reading*

Grosman et al, State Control and Corporate Governance in Transition Economies: 25 Years on from 1989. *Corporate Governance: An International Review*. 24(3), May 2016

Session 2  
(May 26)

### **Political Economy of State Ownership and Privatization, continued**

Session 3  
(June 2)

### **Proposal Due 5pm**

### **Public-Private Partnerships/UK Private Finance Initiative**

Guest: Prof. John Forrer, GWU

CASE Public Private Partnership: London Underground Limited, ACRC- Hong Kong Univ. HKU819, 2009 [case questions on Bb](#)

[Buckberg, et al, "Expanding the Market for Infrastructure Public-Private Partnerships", April 22, 2015](#) pp. 1-10

[Parker, "PPP/PFI – Solution or Problem?" \*Economic Affairs\*, 2009](#)

Moralos and Amekudzi, "The State of the Practice of Value for Money Analysis in Comparing PPPs to Traditional Procurement," *Public Works Management & Policy*, 13 (2), October 2008

Hare, Public-Private Partnerships under the Coalition, March 2015

<http://www.coalitionconomics.org/uncategorized/public-private-partnerships-under-the-coalition/>

Hare, PPP and PFI: the political economy of building public infrastructure and delivering services, *Oxf Rev Econ Policy* (Spring 2013) 29 (1): 95-112

*Optional Reading*

Wettenhall, The Public-Private Interface: Surveying the History, in Hodge & Greve ed. *The Challenge of PPPs: Lessons from International Experience*, 2005

Session 4  
(June 9)

**Firm Ownership, Governance, and Performance**

Background on Corporate Governance (If you are familiar with the subject, skim as a refresher): 1) Eun and Resnick, *International Financial Management*, 6th ed., 2012, Ch. 4; 2) Larcker and Tayan, Governance Aches and Pains: Is Bad Governance Chronic? *STANFORD CLOSER LOOK SERIES – CGRP54*, April 2016

Meggison, *The Financial Economics of Privatization*, 2005, Chapter 2 and pp. 253-267

Bortolotti and Faccio, *Government Control of Privatized Firms. Review of Financial Studies*, August 2009  
Marcelin and Mathur, Privatization, Financial Development, Property Rights and Growth, *Journal of Banking and Finance*, 2014

*Optional Readings*

Ang and Boyer, Finance and Politics: The Wealth Effects of Special Interest Group Influence During the Nationalisation and Privatisation of Conrail. *Cambridge Journal of Economics* 31, 2007

Djankov, Mcleish, Nenova and Shleifer, Who Owns The Media? *Journal of Law and Economics*, 46(2), October 2003

Boubakri et al. Privatisation in Developing Countries: Performance and Ownership Effects. *Development Policy Review*. Vol. 26 (3) 2008

Cragg and Dyck. Privatization and Management Incentives: Evidence from the UK. *Journal of Law, Economics, and Organization*. Vol 19 (1) 2003

Session 5  
(June 16)

### **UK Political Economy**

Guest Speakers: Ryan Nalty and Benedict Wagner-Rundell from the British Embassy

Powell, Dalton, Strom, *Comparative Politics Today: A World View*, 11th ed., 2015, Ch. 8 (Britain) SKIM

Helm, British infrastructure policy and the gradual return of the state, *Oxf Rev Econ Policy* (Summer 2013) 29 (2): 287-306

Parker, Enterprise Sales. In Hodge, ed. *Privatization and Market Development*, 2006. (UK Experience)

#### *Optional Readings*

HM Treasury, *Infrastructure Procurement: Delivering Long-Term Value*, March 2008

Feigenbaum, Henig & Hamnett (FHH), *Shrinking the State: the Political Underpinnings of Privatization*, 1998, SKIM Chapter 3 (UK)

Session 6  
(June 21)  
***Take-home Due  
5pm, June 23***

### **Corporate social responsibility**

Guest Speaker: Sandy Stash, Vice President, Tullow Oil *canceled*

Frynas, "The false developmental promise of corporate social responsibility: Evidence from multinational oil companies." *International affairs* 81.3 (2005): 581-598.

Spence, "Corporate social responsibility in the oil and gas industry: The importance of reputational risk." *Chi.-Kent L. Rev.* 86 (2011): 59.

Sessions 7-11  
(June 25-July 2<sup>nd</sup>)

### **Sessions held in UK**

Liston, "Price-cap versus rate-of-return regulation." *Journal of Regulatory Economics* 5.1 (1993): 25-48.

The British Utility Regulation Model: Its Recent History and Future Prospects

[https://www.city.ac.uk/\\_data/assets/pdf\\_file/0003/236370/CCRP-JS-Paper-WP-23.pdf](https://www.city.ac.uk/_data/assets/pdf_file/0003/236370/CCRP-JS-Paper-WP-23.pdf)

Newbery, *Privatization, restructuring, and regulation of network utilities*. Vol. 2. MIT press, 2002, Ch. 1.

Propper and Venables. "An assessment of Labour's record on health and healthcare." *Oxford Review of Economic Policy* 29.1 (2013): 203-226.

Appleby, The Coalition's record on health care, 2010-2015: The NHS in austere times

(<http://www.coalitionconomics.org/uncategorized/the-coalitions-record-on-health-care-2010-2015-the-nhs-in-austere-times/>)

Session 12  
(July 7)

### **Case Study – Global Oil Industry: Privatization & NOCs**

Victor et al, *Oil and Governance: SOEs and the World Energy Supply*, 2012, Ch 1-3.

Session 13  
(July 14)

### **Case Study – SOEs in the USA: Intercity Passenger Rail**

Guest Speaker, Ed, Courtemanch, Amtrak

### **Reflection Memo Due**

Puentes, Tomer and Kane, *A New Alignment: Strengthening America's Commitment to Passenger Rail*, Brookings, 2013

Fukui, 20 Years after JNR Privatization, *Japan Railway & Transport Review*, March 2008

([http://www.jrtr.net/jrtr49/pdf/f06\\_fuk.pdf](http://www.jrtr.net/jrtr49/pdf/f06_fuk.pdf))

Session 14  
(July 21)

### **Group Papers Due**

### **Group Presentations**