SCHOOL OF BUSINESS

Course Number  SMPP  6218/IBUS 6202                                                                     Summer 2019

Course Title  Business & Society: Privatization, Nationalization, and Public-Private Partnerships

Instructor  Robert Weiner, Professor of International Business, Public Policy & Public Administration, and International Affairs

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Dates  on campus, 10-13 July 2019, prior sessions on-line, dates TBD

Course Description:

This course spotlights interactions between public and private sectors. It complements and builds on traditional Business & Public Policy courses, which employ a USA-centric lens of public sector developing and enforcing rules, and private sector operating within them, trying to influence them, even evading them.

This course departs from this approach in three critical ways.

First, it examines arenas where governments act as players, not just as referees. The focus is on two key dimensions:

(1) Ownership and management. For example, does it matter that this course is offered at GW, rather than a state university, such as George Mason, Maryland, or UDC? If so, how? We pay particular attention to ownership change from public to private sector (privatization) and the converse (nationalization).
(2) Direct cooperation between government and business through public-private partnerships (PPP or P3). PPPs are a hybrid form of (1) of particular interest and importance, wherein ownership is public, but management is private.

The second departure point is politics. Most business-school courses address the technocratic (regulatory, policymaking, taxation) dimensions of the state. This course seeks to place public-private interaction in its political context.

Finally, the course is not limited to the USA. Students who so wish can focus on domestic issues, but our lens is international, hopefully the USA can learn from others’ experience, and conversely.

The course focuses on both consequences – how and whether the privatization and public-private partnerships improve financial and operating performance and causes – the rationales for privatization and supporting policies 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.

Washington is an ideal place for observing and learning from public and private players interacting in their native habitat. Not only is it the capital of the USA, but also the home of multilateral finance and development institutions such as the World Bank, Initial Finance Corporation, and Inter-American Development Bank. These institutions have been engaged with these issues for many years, and are thought leaders in the field. For example, the World Bank’s PPP resources through its Public-Private Partnerships in Infrastructure Resource Center (PPPIRC) https://ppp.worldbank.org. Moreover, many NGOs call DC their home, and are active in the area, e.g., the Institute for Public-Private Partnerships (IP3) www.ip3.org/

Course Objectives:

♦ Developing perspectives for analyzing whether and how to privatize/nationalize enterprises, and how to relate enterprise performance to ownership.

♦ Providing participants with tools to understand the motivations, workings, and implications of public-private partnerships.

Course Format:

We will use on-line sessions, in-class lectures, discussions, readings, and site visits. Details will depend on current tissues and speaker availability. There is a significant amount of

1 Readings on BLACKBOARD or the web.
reading, as well as a group working paper, and an individual integrative memo, so please plan your time accordingly.

**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:**

**Group proposal**  \( \frac{1}{6} \)  5 pp. + attachments. 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.

**Group project**  \( \frac{1}{3} \)  Group research project on lessons learned from privatization and/or public-private partnerships in one or more countries. Group paper of 20-25 pages (excluding charts, tables, bibliography, appendix, etc.).

Topic approved through proposal process (see above). Sample proposals and papers on BLACKBOARD > files.

Group members are individually and collectively responsible for project work, and will receive a common assessment.

**Group presentation at last mtg, July 13** Group presentations are part of the participation assessment.

**Reflection memo**  \( \frac{1}{3} \)  Individual memo reflecting on the course, including lessons learned and unresolved issues. The memo should be about 5 pages (double spaced, 12-point type so I can actually read it).

The objective of the reflection memo is to put together the two parts of the course, on-line meetings and the immersion week in
Washington, 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.

You may wish to address some of the following:

* What did you learn from the immersion program? What did you learn from fellow participants?

* What surprised you?

* Contrast what you learned on-line to what you heard in the immersion week; that is, how does the theory compare with practice? 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? What was missing? What should there be less of?

* Anything else you believe is important to you. Discuss why.

**Participation ½**  Students are required to attend all meetings in DC, both on- and off-campus. Participation means speaking in class; **attendance is not sufficient**. This is especially important for case discussion, site visits, and guest speakers in class. Group presentations are part of the participation assessment. **During our DC immersion, there is a 1-grade penalty for each absence, ½-grade penalty for late arrival or early departure.**
CLASS SESSIONS

Session 1
(on-line, June 5)

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

Discussion of course expectations, deliverables, and participation. Formation of groups for group project.

Reading


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

Voszka, Nationalization or Privatization? The Fragmentation of the Mainstream, Annals of Public and Cooperative Economics 88(1), March 2017 SKIM

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

Optional Readings


Meggison, The Financial Economics of Privatization 2005, Ch 1

Session 2
(on-line, June 12)

Public-Private Partnerships

Reading


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 Readings


Parker, “PPP/PFI – Solution or Problem?” Economic Affairs, 2009

Session 3
(on-line, June 19)

Firm Ownership, Governance, and Performance

Group proposals due by email by start of class

Reading

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


Bortolotti and Faccio, Government Control of Privatized Firms. Review of Financial Studies, August 2009


Optional Readings


Session 4
(on-line, dates TBD)

Group meetings with instructor

Feedback on proposal for group project.

Sessions 5-8
(July 10-13)

Sessions held in Washington, visits and on-campus,
Group Presentations

Reflection Memo Due July 22 9am. Group Paper Due July 29 9am