



Government and Business

Academic Year: 2020/21

1st Semester

Level of curricular unit: Undergraduate (1st cycle, as defined in the Framework of Qualifications for the European Higher Education Area)

Instructor(s): João Confraria

Course Description:

This course explores the shapes of government policy in developed market economies, the constraints and opportunities that they create for businesses and their impact on market outcomes. A comparative approach is followed, highlighting differences and similarities in policies between the European Union (EU), the US and East Asia.

The course has three parts. The first (chapter 1, see *Course Content* below) provides answers to the question: why are there different market economies, e.g. Germany vs. USA, UK vs. South Korea or Taiwan vs. France? Managers of a typical large German firm face opportunities and constraints, e.g. concerning access to finance or internal management, different from the opportunities faced by the managers of Taiwanese or US based firms. The relationships between the firm and the State of a typical South Korean firm are different from the relationships with State organizations of British or US firms. At the individual level, the daily experience of an American family is very much different from the daily experience of a German family, on issues as employment security, health insurance, unemployment protection or education and training. Chapter 1 provides an economic explanation for the different conditions face by firms and citizens in current developed market economies.

The second part (chapters 2-3) deals with business government relations in the European Union. There are two main topics. First, there is an analysis of the changing frontiers of political jurisdictions. Over the years, the powers of European institutions have been increasing, with a corresponding reduction of the powers of national governments. There is an economic case for this, but there are also economic arguments highlighting the problems associated with EU enlargement and increasing EU powers. They are discussed with examples drawn from the Single Market and the European Monetary Union. Second, there is an evaluation of the institutions governing the relations between interest groups and EU institutions, as well as in-depth analysis of the effectiveness of lobbying in the EU.



The third part of the course (chapters 4-6) deals with the challenges created by globalization and digital transformation to governments and businesses in developed market economies. It begins with an economic explanation of the development globalization. Then, there is an analysis of the impact of globalization and digital transformation on efficiency and income distribution. The political constraints on globalization are evaluated in the framework of protectionism and industrial policy, with a focus on the current state of the debate in the EU. The final chapter deals with the development of global governance systems, focusing on the role of the EU in global regulation and on the privatization of global regulation, with an evaluation of international standardization and the governance of the internet.

Course Content:

1. Comparative business systems.
 - a. Varieties of capitalism in Europe, US, and China.
 - b. Welfare states in Europe and in the United States.
 - c. The developmental state in East Asia.
2. Nation states and the European Union
 - a. Efficiency and the trade-off between nations' size and population heterogeneity.
 - b. Decision making in the EU: task allocation and the theory of fiscal federalism.
 - c. The EU regulatory state.
 - d. Case: European Monetary Union, interest groups, national interests, and economic outcomes.
3. Lobbying and policy making in the EU.
 - a. Institutions, actors, and issues.
 - b. Effectiveness of lobbying in the EU.
 - c. Case: Lobbying and the growth of market power: EU vs. US.
4. Globalization.
 - a. The great convergence.
 - b. Offshoring, trade in tasks, employment, and wages.
 - c. The political trilemma of the world economy.
 - d. Globalization, digital transformation, and national gains in advanced capitalist economies
 - i. Complementarities between high skill and low skill jobs in advanced market economies.
 - ii. The booming metropolis and the decline of provincial cities.
5. Globalization and national policies
 - a. Explaining protectionism.
 - b. The global trade regime (World Trade Organization)

- c. Industrial policy and the global trade regime
 - d. A new industrial policy?
 - i. Global production, value creation and capture.
 - ii. Financialization.
 - iii. Innovation.
 - e. Case: Current issues in industrial policy in the European Union
6. Global business regulation.
- a. The *Brussels effect*
 - i. Environmental policy
 - ii. Data protection
 - b. Privatization of regulation.
 - i. Standardisation
 - ii. Internet.

Course Objectives:

After attending the course, students should be able to:

1. Explain current policy differences among market economies in policy areas as labor contracts, education and training, the role of financial markets, industrial policy and health insurance. The market economies to be considered include:
 - a. European Union countries
 - b. United States
 - c. East Asia (South Korea, Taiwan, Japan).
2. Explain the allocation of policy making powers between EU level institutions and national governments and their impact on businesses.
3. Explain how businesses influence EU policy making.
4. Evaluate the impact of globalization on resource allocation and wages in developed market economies.
5. Explain the political constraints on globalization and provide a critical analysis of the case for current industrial policy proposals in the EU.
6. Explain the role of the EU in global business regulation.
7. Explain the impact of the privatization of global business regulation.

Grading:

The final grade will be based on an intermediate mid-term (40%) and a final midterm (60%). For students failing the intermediate mid-term the final midterm will account for 100%.

Students with an average of 8/20 and 9/20 will have to make a final exam (100% of final grade).

Bibliography:

Baldwin, R., Wyplosz, 2020, *The Economics of European Integration*, London, McGraw Hill.

Bowman, J., 2014, *Capitalisms Compared. Welfare, Work and Business*, Sage-CQ Press.

Bradford, A., 2020, *The Brussels Effect. How the European Union Rules the World*, Oxford, Oxford University Press.

Bütte, T., Mattli, W., 2011, *The New Global Rulers. The Privatization of Regulation in the World Economy*, Princeton and Oxford, Princeton University Press.

Coen, D., Grant, W., Wilson, G., 2010, *The Oxford Handbook of Business and Government*, Oxford, Oxford University Press.

Haggard, S., 2018, *Developmental States*, Cambridge, Cambridge University Press.

Iversen, T., Soskice, D., 2019, *Democracy and Prosperity. Reinventing Capitalism through a Turbulent Century*, Princeton, Princeton University Press.

Klüver, H., 2013, *Lobbying in the European Union. Interest groups, lobbying coalitions and policy change*, Oxford, Oxford University Press.

Lehne, R., 2013, *Government and Business. American Political Economy in Comparative Perspective*, Sage-CQ Press.

Specific readings will be suggested with each topic.

Biography:

Doctoral degree, Economics (1991, Catholic University of Portugal), MSc in economics (1988, New University Lisboa), after undergraduate studies at the Catholic University of Portugal (1982).

At the Catholic University of Portugal, I am currently teaching Public Policy, Regulation and Competition Policy and co-coordinating the Master's Program on Law and Business.

Previous positions include having served as member of the Board of the National Communications Authority (Anacom, 20012-2017), Vice-President of the Portuguese



Civil Aviation Authority (2007-2011), Representative of the Portuguese Government at the Council of Eurocontrol (2011) and member of the Board ICP-Anacom (1996 – 2002).

Former academic positions include director of the Centre for Applied Studies (2005-2007), coordinator of the Executive Program on Economics of Regulation and Competition (2003-2007) and member of the Board of directors of the MBA Program (1991-1993).

Contact(s) and Office hours:

Students can contact me anytime, using jcfs@ucp.pt
Office hours to be agreed with the students.

Code of conduct and ethics:

Católica Lisbon School of Business and Economics is a community of individuals with diverse backgrounds and interests who share certain fundamental goals. A crucial element to achieve these goals is the creation and maintenance of an atmosphere contributing to learning and personal growth for everyone in the community. The success of CATÓLICA-LISBON in attaining its goals and in maintaining its reputation of academic excellence depends on the willingness of its members, both collectively and individually, to meet their responsibilities.

Along with all the other members of our community, students are expected to follow professional standards and CATÓLICA-LISBON standards of Academic Integrity. Some details should be mentioned here: Please arrive on time for class with uninterrupted attendance for the duration of the class. Signing attendance sheet for anyone else in the class constitutes fraud and a violation of the CLSBE code of conduct. Use of computers and other electronic devices during the class is not allowed, unless expressly requested by the instructor of the course. Students who persistently act in a disruptive and disrespectful manner during the class session may be invited to leave.

Students are expected to behave at all times according to the fundamental principles of academic integrity, including honesty, trust, fairness, respect, and responsibility. In particular,

- a) In **individual graded assignments** of any type, students may not collaborate with others or use any materials without explicit permission from the instructor of the course;
- b) In **group assignments and reports**, all students listed as authors should have performed a substantial amount of work for that assignment;
- c) It is dishonest to fabricate or falsify data in experiments, surveys, papers, reports or other circumstances; fabricate source material in a bibliography or "works cited" list; or provide false information in other documents in connection with academic efforts;
- d) **Plagiarizing**, i.e. "to steal and pass off the ideas or words of another as one's own and or to use another's production without crediting the source" (Merriam-Webster Dictionary) is an Academic Integrity breach. It can be avoided by using proper methods of documentation and acknowledgement. Visit this guide for additional resources on how to avoid plagiarism in your written submissions <http://en.writecheck.com/plagiarism-guide>



- e) In **exams** students must not receive or provide any unauthorized assistance. During an examination, students may use only material and items authorized by the faculty. Use of smartwatches or other communication devices is not permitted during the exam.

Academic integrity breaches will be dealt with in accordance with the school's code of Academic Integrity:
<https://www.clsbe.lisboa.ucp.pt/system/files/assets/files/academicintegritycode.pdf>
