Government and Business Success in the US

NOTICE: Due to Professor Darby’s sabbatical, only the Fall 2014 section of this class will be offered during 2014-2015.

For good or ill government is playing a steadily increasing role in determining the success or failure of American firms. As a result government relations has become a, if not the, key element in firm strategy. As reported in the October 1, 2011, issue of The Economist, the share prices of the 50 S&P500 firms most intensively involved in lobbying rose over 200 percent during 2001-2011 while the overall S&P500 index was slightly down. This disparate performance cumulated during both the Bush and Obama administrations. As reported in the October 1, 2011, issue of The Economist, the share prices of the 50 S&P500 firms most intensively involved in lobbying rose over 200 percent during 2001-2011 while the overall S&P500 index was slightly down. This disparate performance cumulated during both the Bush and Obama administrations.

With government wielding a major influence in all industries and determining the winners and losers in many of them, senior executives of any major corporation spend much of their time and energy trying to deal with laws, regulations, and regulators, and trying to shape them to the firm’s advantage. Politicians and civil servants must consider not only the economic implications of new laws and regulations, but also their effects on contributions and other support for future elections. The rules of this game are contested territory, rapidly evolving.

Management 293A: Political Environment of American Business (cross-listed as Public Policy M281*) is the one course in the Anderson and Luskin Schools focused on business-government interaction and the design and operation of the corporate government affairs department. It is taught by Michael Darby who has been there as a subcabinet official in the Reagan and first Bush administrations, as a business executive, as a public affairs consultant, and as an academic observer. The class meets Tuesdays, 4:10-7:00 pm, in room B117 in the Anderson School.

This course attracts a rich blend of viewpoints – mixing Management and Public Policy students seeing how the other side thinks – ensuring lively, multi-faceted class discussions of current events shaping the success or failure of American business overall and for particular firms. The formal course description follows and the syllabus is attached.

Course Description: This course explores the interaction between the political and business spheres in America with a comparative perspective to highlight similarities and differences in other countries. Major themes are historical and institutional background on the political environment, corporate activities in the political arena, and government policies and business. Class participation in case discussions of current issues is stressed.

*Enrollment note: Due to arcane issues of teaching credit to the school paying for the course, all students should enroll in Management M293A rather than Public Policy M281 (which has a dummy enrollment cap of 1/waiting list of 5). Luskin School students will automatically be allowed to enroll. Any Luskin students having difficulty enrolling in MGMT M293A can obtain a PTE (Permission to Enroll) number for it from the instructor by signing up for the corresponding Public Policy class or waiting list.
Syllabus, Course Outline, and Schedule: Political Environment of American Business

Course Description: This course explores the interaction between the political and business spheres in America with a comparative perspective to highlight similarities and differences in other countries. Major themes are historical and institutional background on the political environment, corporate activities in the political arena, and government policies and business. Class participation in case discussions of current issues is stressed.

The Instructor: Your instructor has considerable experience in Washington having held a number of senior administration posts (see page 3 for details) and subsequently consulting on government and policy matters with a number of corporations.


Course Requirements:
1. There will be a take-home final exam (50 percent weight). The exam will be e-mailed to you on the day of the last class on December 9, 2014. The completed exam must be e-mailed back to the professor no later than 7:00 pm one week later. You will be asked to answer 4 essay questions selected from 6 choices. The choices will be based on student-nominated questions as selected and edited by the professor. Your answers will be constrained to be no more than 2600 words (about 8 double-spaced 12 pt. Times New Roman) totaled across all 4 answers as counted in the Word template. The exam will be Open-book but no collaboration will be allowed.

2. Class participation is stressed (15 percent weight). You should always display your name card so that you can be accurately credited, unless you are volunteering for a particularly rigorous cold call. You will be expected to read daily the Wall Street Journal and be able to discuss intelligently current issues impacting business and politics. Except in cases of breaking news, the stories to be discussed will be e-mailed to the class list at least 24 hours before the start of class. Each week one case discussion will center on a set of questions and past articles directly related to one or more of the week’s topics. We will also have a case discussion (sometimes two smaller cases) relating to current events relevant to any of the course themes. Students are urged to nominate stories for class discussion by e-mailing them in pdf format with compete source citation to darby@ucla.edu. Each student is expected to make any combination of 10 case nominations and/or substantial discussion contributions over the quarter. (Electronic access to the WSJ is free through the Anderson library. Reduced-rate subscription forms for the WSJ are available for those who want to buy subscriptions.)

3. There will be a major case chosen from a list of three options (15 percent weight for report and 20 percent weight for presentation). The cases will be prepared by groups of 4-6 (self-organized) and presented as each group believes most effective. The case reports and any presentation materials (e.g., slides) must be submitted to the instructor before or at the beginning of the last class in both electronic and paper formats.

Course Schedule: The class meets Tuesdays, 4:10-7:00 pm, in room B117 in the Anderson School Complex with a break taken during the class. My office hours are Tuesdays at 3:00-3:45 pm in Anderson D510 on a walk-in basis or other times by appointment. My e-mail for appointments is darby@ucla.edu or by phone 310-825-4180.
# Course Schedule and Reading Assignments

<table>
<thead>
<tr>
<th>Date</th>
<th>Class</th>
<th>Topics and Reading Assignments</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td><strong>I. Historical and Institutional Background on the Political Environment</strong></td>
</tr>
<tr>
<td>10/7</td>
<td>1</td>
<td>Introduction: Co-evolution of American Government and Business. Lehne, chapter 1 and Class Discussion 1.1 and Class Discussion 1.2</td>
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<tr>
<td>10/14</td>
<td>2</td>
<td>Government-Business Relations; Stakes in Government Lehne, chapters 2-3 and Class Discussion material as e-mailed in advance</td>
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<tr>
<td>10/21</td>
<td>3</td>
<td>Corporate Governance, Public Affairs Programs; Globalization of Business Lehne, chapter 4-5 and Class Discussion material as e-mailed in advance</td>
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<td><strong>II. Corporate Activities in the Political Arena</strong></td>
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<td>10/28</td>
<td>4</td>
<td>The Advocacy Environment; Corporations and Business Associations in the Political Arena Lehne, chapters 6-7 and Class Discussion material as e-mailed in advance Student nominations for major cases solicited (by individuals and/or groups)</td>
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<tr>
<td>11/4</td>
<td>5</td>
<td>Lobbying; Business Winning and Losing in Politics Lehne, chapters 8-9 and Class Discussion material as e-mailed in advance</td>
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<tr>
<td>11/11</td>
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<td>No class – Veterans Day Holiday</td>
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<td><strong>III. Government Policies and Business</strong></td>
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<td>11/18</td>
<td>6</td>
<td>Business and Economic Policy; Regulatory Policy Lehne, chapters 10-11 and Class Discussion material as e-mailed in advance Major Case groups and topics finalized by end of class</td>
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<tr>
<td>11/25</td>
<td>7</td>
<td>Antitrust and Competition Policy; Industrial Policy and High-Tech Industries Lehne, chapters 12-13 and Class Discussion material as e-mailed in advance</td>
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<td>12/2</td>
<td>8</td>
<td>International Trade Policies; Business as a Social Actor; Class Evaluations Lehne, chapters 14-15 and Class Discussion material as e-mailed in advance</td>
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<tr>
<td>12/9</td>
<td>9</td>
<td>Major case presentations; review session; distribution of take-home final exam</td>
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<td>12/16</td>
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<td>Final exam to be returned in Word template by e-mail no later than 7:00pm on December 16th to <a href="mailto:darby@ucla.edu">darby@ucla.edu</a> with “M293 final exam” in subject line</td>
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Michael R. Darby  
Born 1945 in Dallas; married, four adult children  
UCLA Anderson School  
Dartmouth College A.B. 1967 summa cum laude  
UCLA Box 951481  
University of Chicago M.A. 1968, Ph.D. 1970  
Los Angeles, CA 90095-1481  
darby@ucla.edu, 310-825-4180, Fax 310-454-2748


1989-92 **Under Secretary of Commerce for Economic Affairs** and **Administrator of the Economics and Statistics Administration**  
Responsible for Commerce economic policy and statistics including Bureaus of the Census and of Economic Analysis. Managed 10,000 career operational, policy, administrative, research, and regulatory personnel plus some 400,000 temporary employees at peak of 1990 census mobilization.

1986-89 **Assistant Secretary of the Treasury for Economic Policy**  
Responsible for Treasury economic, domestic, science-&-technology, space, and national-security policy and for liaison with the Federal Reserve System. Member of crisis-management team on/following October 19, 1987; one of two Treasury principals under Chairman Gould on Working Group on Financial Markets.

1992- **Chairman, The Dumbarton Group**


1992- **Adjunct Scholar, American Enterprise Institute for Public Policy Research**

1992-96 **Member, Regulatory Coordination Advisory Committee, Commodities Futures Trading Commission**

1996-03 **Consulting Economist, City National Bank**


1988-89 **Member, National Commission on Superconductivity**

1981-86 **Editor, Journal of International Money and Finance**

1964-82 **Vice President and Director**, Paragon Industries, Inc.  
Financial strategist for Dallas manufacturer of kilns, furnaces, refractories.

1977-78 **Visiting Fellow, Hoover Institution, Stanford University**

1970-73 **Assistant Professor, Economics Department, Ohio State University**

**Author**  
Eleven books & monographs, over 150 journal & other articles on macroeconomics, international finance, money & banking, taxes, organization and evolution of industries, productivity, science & technological change, biotechnology, and nanotechnology.

**Honors**  

**Research**  
Principal Investigator or Co-PI on research projects on social security, international economic linkages, productivity growth, evolution of biotechnology, semiconductors, nanotechnology & other high-tech industries ($10.2 million in grants and contracts 1976-2014). Co-developer of the [Nanobank.org](http://www.nanobank.org) & COMETS Databases. Chaired 25 Ph.D. dissertations.