University of Pennsylvania
The Wharton School
BEPP 203
Spring 2021

BUSINESS IN THE GLOBAL POLITICAL ENVIRONMENT

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<u>**Time/Location**</u>

TR 10:15-11:45 AM   SHDH 211

<u>**Contact Information**</u>
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TA and TA Office Hours: TBA.

<u>**Description**</u>
The environment of business has market and nonmarket components. This course will focus on the nonmarket environment, which is characterized by the broader political, regulatory, legal and societal contexts in which companies function. In contrast, the market environment focuses on the economics of an industry and a firm's position in it. A particular focus will be on the nexus of business-government. Core questions include: why do governments need to intervene in markets? What are market failures? What are the pitfalls of these interventions? The course will examine these questions through both theory and specific cases (such as environmental regulation). It will take a global focus as much as possible.

<u>**Reading Material**</u>

There will be a **course pack** for this course, which will be available through Study.net. Readings marked below as "course pack" will be available on Study.net.

Additionally, readings that are available through Lippincott's various subscriptions will be available, for free, at Lippincott's "Course Materials" tab. We will also have the following books on reserve at Lippincott: Viscusi, Harrington, and Vernon: *Economics of Regulation and Antitrust*, 4th Edition, MIT Press, 2005. ("VHV" below) and Baron, David: *Business and Its Environment,* Prentice Hall, 2013. ("Baron" below). <u>VHV will be available as an e-book through Lippincott.</u>

If the reading is not on Study.net or Lippincott's course materials, then it should be available through the www – please search and find on your own and contact the instruction in case of a problem.

There will also be optional readings, drawn from a range of sources. These optional readings are listed as "suggested" in the reading list below.

Additional material such as PowerPoint slides from the lectures will be posted on Canvas usually within a couple of hours of the lecture.

The slides prepared for this class are the consumption of only this class—please do not circulate, duplicate, or replicate.

Grades and Assignments

First Exam	25%
Writing Assignment	10%
Team Presentation	20%
Second Exam	30%
Class Participation (Attendance, Q&A Participation, Peer Feedback)	15%

Writing Assignment

There is a mandatory writing assignment for this course (maximum of 750-word: this is a strict limit). The purpose of this assignment is to give you practice in making analytical arguments in a clear and succinct manner; this is an attempt to give Wharton undergraduates more writing experience. The schedule below indicates the due date for the assignment. The writing assignment question will be posted on Canvas about two weeks before the below due date.

No credit will be given for late assignments. Requests for re-grades of writing assignments must be submitted in writing within one week of the date that the assignments are handed back.

First and Second Exam

There are two closed book exams (calculators are allowed, and you should bring them with you to both exams just in case. You won't be able to use your phone or tablet's calculator). The dates of these exams are indicated below in the syllabus. Second exam will cover material that comes after the first exam. A couple of weeks before the exams, I will post guidelines for your studying as well as sample questions.

Students will be given a period of one week from the date that the exam is made available to request a re-grade. The BEPP Department maintains a photocopy of all exams. All requests must be made as a message send on Canvas to Professor Kaya stating the specific reasons for the re-grade (i.e. specific questions, and why they believe answer was graded incorrectly) no later than the close of business on the day which is one week after the exam is made available. Re-grades will be returned to the student as soon as available. Note that the entire exam will be reviewed during a re-grade, not only the questions/answers requested, and a re-grade may be higher or lower than the original grade. We have established this re-grade procedure to ensure fairness for all students. *The professor will not discuss specific exam questions until the re-grade period is over.*

Code of Academic Integrity

All students enrolled in courses in the Business Economics and Public Policy Department are expected to comply with the University of Pennsylvania's Code of Academic Integrity. We encourage all students to read the Code so that they are well aware of all situations that would be considered a violation.

It is the policy of the Department of Business Economics and Public Policy to immediately fail any student who is to be in violation of the Code. Cheating, in any manner, on a graded assignment, exam, or the presentation will result in failing both the assignment/exam and the course. In addition to the sanctions imposed by the Department of Business Economics and Public Policy, the Office of Student Conduct may impose additional sanctions.

Please review the Code of Academic Integrity on the below link as well as example of violations and possible sanctions: http://provost.upenn.edu/policies/pennbook/2013/02/13/code-of-academic-integrity

Class Participation

The course's success doesn't depend just on the instructor, it depends on the collective environment, which is why I really value collegiality and preparation and your contribution to a constructive learning environment for everyone. Please don't be an impatient consumer of knowledge, but a patient participant in its generation and analysis. If there is something you are unhappy about, please come talk to me directly in a timely manner: I am always open to talking with students.

Regular class attendance will ease your understanding of the material, cut down the time you need to study for exams, and also boost your satisfaction with the course.

Please come to class prepared: The required readings should be completed before class, and you should be ready to discuss the economic concepts and the details of the cases when you arrive. Successful participation in class and in your presentation group will reflect positively on your class participation grade, as will regular attendance and on-time arrival. Submission of student presentation peer feedback forms will also reflect on your class participation grade.

If you are going to miss class for a medical or non-medical reason please do not contact the Professor directly, but instead use the official Course Absence Report system through the UPenn Registrar.

- You will have 2 excused absences – I don't need to know why you missed/will miss the class (it could be a personal day, illness, interview, religious holiday, etc.). Beyond these 2 days, please let me know of the reason for your absence. Again, please use the Course Absence Report system.
- If you miss 4 or more classes without being excused for a serious reason (with proper note from the Deans), you will lose the Attendance/Participation grade.

. A rough guide for your participation grade is as follows (all grades are recorded numerically until final grade calculation):
- You will automatically receive a B for attending all the classes even if you never participate.
- Those that participate from time to time (see the criteria above and below) and have not missed more than 2 classes will *typically* receive a B+.
- Those that participate frequently (see the criteria above) and have not missed more than 2 classes will *typically* receive an A-.
- Top contributors (taking different facets of contribution into consideration) will receive As.
  - Someone who dominates discussions at the expense of others asking questions or developing their own ideas will not be considered a top contributor. (see below)

- Midpoints (e.g., between a B+ and A-) may be used to settle the grades of students who do not neatly fit into these categories. For instance, the grade of someone who frequently participated in the first half of the course, but rarely spoke in the second half may be decided by assigning the student the numerical equivalent of a midpoint.
- Guest lecture attendance, if relevant, will be considered.

- I value collegiality, engagement with the material and with your peers. Mundane (non-substantive) and organizational questions do not count. Non-collegial and non-constructive comments also do not gain anyone points.
- I value improvement over the course of the semester (and will provide an opportunity for you to self-assess).   If you are shy, use this opportunity to try to improve your participation skills. If you are always raising your hand, take this opportunity to be more selective about when you should talk, or work on leading others to think about issues.
- I cannot accommodate exam date changes for individual students due to travel schedules.

The Questions included below with each session's reading assignments intend to prepare you for your class participation. While they are by no means the only questions you should contemplate, having answers to at least those questions will allow you to more effectively and actively engage with the texts. Do not worry about them – they are only meant to ease your reading.

Studies show students are more engaged and student performance is enhanced when students do not rely on laptops/tablets during class. I strongly discourage the use of laptops/tablets during this class. Should you nonetheless rely on your devices, being more engaged with your laptop/tablet than the class will negatively affect your participation grade, even if you occasionally participate. Surely, students with Accommodations are exempt from this.

Support Functions

BEPP's support staff (bpub@wharton.upenn.edu) will keep a wait-list, if needed, at the beginning of the semester. Please include 'BEPP 203 Wait List' as the subject of any e-mail regarding this. Beth Moskat (emoskat@wharton.upenn.edu) will provide classroom support.

Team Presentations

Overview: Students will be in teams of about 4 students per team, depending on class size. Presentations should explore and communicate your research on the topic as it relates to economic concepts from relevant sessions in this course. The instructor may need to adjust the number of presentations once class size is finalized. Please see Canvas for further details closer to the beginning of the Presentations. Presentations will be limited to 25 minutes including Q&A (please set-up prior to class for easy transitions.)

Presentation topics are listed below (see "student presentation"). Under each topic, there are some questions to get you started, but do not be constrained or limited by these questions.

Format: You are (essentially) free to choose the format of your presentation. It is acceptable to use a straight-forward Power Point presentation, but you are encouraged to consider other formats, such as:

- A media press interview or game show
- A congressional or regulatory hearing enactment (real or imagined)
- An internal business strategy deliberation among a firm's decision-makers and advisors

You should try to be creative in choosing the format that best communicates the substantive issues involved and how they relate to the topics of BEPP 203. Presentations that emphasize analytical thinking (by you, the firms involved, the policy-makers, opponents to a policy change, etc.) are better than factual summaries of the issue. Make sure to clearly explain any concepts you use in your presentation—those already covered in this course may be more briefly explained than others. Do not include videos produced by other organizations (it is fine to include videos produced by your presentation group). We encourage you to integrate insights from other Wharton classes, research, reports, etc. but your slides should be your own work and you should cite all sources you use. Try to make it engaging and keep it professional.

You should take advantage of your team assistant (TA). The TA is there to provide feedback at both the formulation phase and the rehearsal phase. Ideally, you should rehearse, reformulate, and rehearse again in the last few days before your presentation.

Citations: You are allowed to use figures, graphs, etc. from existing research but you should put a citation on the slide whenever you use such materials to indicate attribution. You should also include a works cited at the end of the presentation.

Hand in: Team participants must hand in a print out of the complete PowerPoint slides to Prof. Kaya at the beginning of class *on the day of the presentation*, and the slides must also be submitted by email (cc'ing all teammates) by the start of class.

The slides prepared for this presentation will only be for the consumption of this class—please do not circulate, duplicate, or replicate without all presenters' explicit written permission.

Presentation Feedback Form: In order to have consistent benchmarks for evaluation, a presentation feedback form has been prepared and will be posted on Canvas. The Instructors and the students will all use this form. This form also allows you to see what kind of issues you should be paying attention to in preparing your presentation.

Topics, Dates, and Sign-up Logistics**:** Team group assignments are handled through Canvas. Presentation sign up will be announced in class and electronically. *Please note the following:*

- You must sign up individually (Canvas requires this).
- Assignment topic/date options will be available on a **first-come, first choice basis**.
- Students not signed up by the presentation sign-up deadline will be randomly assigned to one of the remaining groups.
- No student will be permitted to change groups after the presentation sign-up deadline. There are no exceptions to this policy (this is to maintain fairness to all students who might want to switch after the deadline and the difficulties in re-organizing groups).

Grades**:** The professor will grade each team project after also having reviewed the feedback of your fellow students as well. The professor's feedback may converge or differ from the peer feedback. Each team project will receive one group grade, meaning all students in the team will receive the same grade. Students who fail to participate fully in team presentations will lose credit on their class participation grade.

Non-Wharton Students
To access Canvas, non-Wharton students must first apply for a Wharton Computing account. This can be done online at http://accounts.wharton.upenn.edu for students that are already officially registered for the class.

Tutoring Support
Students experiencing difficulty in this course should seek assistance from the Penn Tutoring Resource Center. Refer to the Wharton Undergraduate homepage for the schedule of walk-in tutoring hours. Private tutors from the Tutoring Center can be obtained (without cost) through the recommendation of a professor or professional advisor in the Undergraduate Division. Students who wish to inquire more about tutoring, study skills, learning disabilities, test-taking strategies, time management, or reading/writing coaching should call 215-573-9235 for more information.

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Course Outline and Schedule
(session dates are indicated in parentheses)

Please follow this schedule – Session numbers are included below as 1, 2, etc.

	TR
Session 1	R-1/13
Session 2	T 1/18
Session 3	R 1/20
Session 4	T 1/25
Session 5	R 1/27
Session 6	T 2/1
Session 7	R 2/3
Session 8	T 2/8
Session 9	R 2/10
Session 10	T 2/15
Session 11	R 2/17
Session 12	T 2/22
Session 13	R 2/24
Session 14	T 3/1
Session 15	R 3/3
Session 16	T 3/15
Session 17	R 3/17
Session 18	T 3/22
Session 19	R 3/24
Session 20	T 3/29
Session 21	R 3/31
Session 22	T 4/5
Session 23	R 4/7
Session 24	T 4/12
Session 25	R 4/14
Session 26	T 4/19
Session 27	R 4/21
Session 28	T 4/26

Part I: Overview: Core Concepts & Key Issues

--I am intentionally building-in some repetition into the first three sessions.--

Session 1: Overview & Theories of Regulation

+ "Understanding the Non-Market Environment," VHV, pp. 1-11 [Course pack]

+ "The Theory of Regulation", VHV, pp.375-383 (until "Predicting the Type of Industry.").
[available online through Lippincott]

Questions:
1. Indicate three ways in which the non-market environment matters for businesses.
2. What is the "economic theory of regulation"?
3. Think of a recent example from the news that highlights the importance of the non-market of business.

Session 2: Public Goods and Common Pool Resources

+ Cowen, Tyler. "Public Goods." https://www.econlib.org/library/Enc/PublicGoods.html

+ Ostrom, Elinor. 2002. "Common-pool resources and institutions: Toward a revised theory."
Handbook of Agricultural Economics.   Read to understand the main points – do not worry about details. Access here with Penn log-in:
https://www.sciencedirect.com/science/article/pii/S1574007202100065

Questions:

1) How can a government decide how much of a public good to provide?
2) Can you envision private actors providing public goods? What are the obstacles they face if they would like to?
3) What are the problems in the government's provision of public goods?

Session 3: **Median Voter Theorem**

+ Cowen, Tyler. 2010. "Why Politics is Stuck in the Middle." *The New York Times*, Feb. 6, 2010.
http://www.nytimes.com/2010/02/07/business/economy/07view.html

+ "Where Jobs are Squeezed by Chinese Trade, Voters Seek Extremes." *The New York Times*, April 26, 2016. http://www.nytimes.com/2016/04/26/business/economy/where-jobs-are-squeezed-by-chinese-trade-voters-seek-extremes.html

Supplementary: Congleton, Roger. 2003. Median Voter Theorem. In The Encyclopedia of Public Choice, C. K. Rowley and F. Schneider, Ed.s Kluwer Academic Press.
   Available here: http://rdc1.net/forthcoming/MEDIANVT.pdf

Questions:
   1. What is the promise of MVT as a way to provide public goods?
   2. What are the weaknesses of the MVT?

Session 4: **Government Intervention and Asymmetric Information & Adverse Selection**

+ Akerlof, George: "The Market for Lemons: Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics*, Vol. 84, No. 3 (Aug., 1970), read Sections I, III -V.

+ Frank, Robert H. "For Obamacare to Work, Everyone Must be In." *The New York Times*, August 3, 2013. http://www.nytimes.com/2013/08/04/business/for-obamacare-to-work-everyone-must-be-in.html

Questions:
   1. List three ways in which Akerlof's article is critical to understanding business-government relations.
   2. What are other issue areas can you think of that are particularly conducive to asymmetric information?

Session 5: Government Intervention & Moral Hazard

--I will provide a brief overview of the 2008 financial crisis.

+ S.Johnson and J.Kwak. 2009. "Lehman Brothers and the Persistence of Moral Hazard." *The Washington Post*, September 15. Available here:
http://www.washingtonpost.com/wp-dyn/content/article/2009/09/15/AR2009091500943_pf.html

+Allen, Franklin et al 2015. "Moral Hazard and Government Guarantees in the Banking Industry" *Journal of Financial Regulation* 1(1): Read 30-46.

Questions:
1. According to Johnson and Kwak, what are the different types of moral hazard that contributed to the outbreak of the 2008 global financial crisis?
2. According to Allen et al, what are different proposals to deal with the potential moral hazard in government guarantees? Which of these proposals seems more viable to you?
3. What are the different kinds of guarantees mentioned in the Allen et al reading?
4. If government intervention will create moral hazard in certain situations, why should we consider such intervention at all?

Session 6: **Lobbying**

+ *The Economist*. 2015. "The Washington Wishing Well", June 13.
Available here: http://www.economist.com/news/business/21654067-unstoppable-rise-lobbying-american-business-bad-business-itself-washington

+Bertrand, M., M. Bombardini, F. Trebbi. 2014. "Is It Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process" *American Economic Review* 104(12): 3885-3920 – Read only until 3914 and *focus on understanding the main points*.

Questions:
1. How does lobbying relate to previous sessions? Place it in the context of this class.
2. Based on Bertrand et al's findings (later, you should add lecture discussions also), how does lobbying affect the non-market environment?
3. Imagine yourself as the CEO of a company that would like the US government to enact legislation favorable to your company (whatever that legislation may be), how do you go about it?
4. What are the ethical implications of what you have just read?

Sessions 7&8 Corruption

***Please bring your laptops to S8 on corruption: You will have an in-class data exercise.**

S7

+ Shleifer, Andrei Robert W. Vishny. 1993. *The Quarterly Journal of Economics* 108 (3): Read through 599-604; 611-616.

+ Poverty Action Lab Policy Briefcase #5, Olken. Available at:

https://www.povertyactionlab.org/evaluation/combating-corruption-community-development-indonesia

+IMF chief feels heat from staff and lawmakers over alleged pro-China bias. 2021. *The Financial Times*, September 24.   https://www.ft.com/content/df275239-d9ad-4618-88fb-48211887b3be

S8
+ Case: Di Tella, Rafael, Meg Rithmire, and Kaitlyn Szydlowski.   2015. "Governing the "Chinese Dream": Corruption, Inequality and the Rule of Law." Harvard Business School Case. [Course pack]

+ Case: Abdelal, Rawi, Rafael Di Tella, Jonathan Schlefer. 2008/rev. 2012. "Corruption in Germany" Harvard Business School Case Study. [Course pack]

Questions:
1. What are the typologies introduced by Shleifer and Vishy? What are some ways in which these typologies are restricting?
2. What is a policy you would recommend to an emerging market official wanting to combat corruption?

Exam 1 will be on Part I of the course only. Exam 2 will cover any topic not covered by Exam 1, though you will obviously need to understand some Exam 1 concepts to do well in Exam 2.

Session 9: Review for Exam 1—feel free to send me any question by Sunday before S9. See the note above.

Session 10: Exam1 in class.

II. CASES & FURHTER APPLICATIONS

Sessions 11& 12: Environmental Regulation

+ VHV, pp.746-768 [available online through Lippincott]

+ Baron, David: *Business and Its Environment,* Prentice Hall, 2013. pp. 92-94. [Course pack]

Business and Climate Change/Environmental Damage

+*New York Times*. 2019. Companies See Climate Change Hitting Their Bottom Lines in the Next 5 Years, 04/06, https://www.nytimes.com/2019/06/04/climate/companies-climate-change-financial-impact.html

+"Oil majors gear up for wave of climate change liability lawsuits", June 9, 2019. https://www.ft.com/content/d5fbeae4-869c-11e9-97ea-05ac2431f453

+Wolf, Martin, 2021. "Dancing on the Edge of Climate Disaster." *The Financial Times*, November 23.

+ MacMahon, Simon.   2020. "The Challenge of Rating ESG Performance."   *The Financial Times*. Harvard Business Review, September 1. [Course pack]

Questions:
1. Make sure to understand different types of externalities, and how government action may help to resolve them.
2. To what extent is Coase's Theorem helpful in understanding contracting over environmental problems? (How does it illuminate the issues, what are its weaknesses?)
    a. Coase's theorem can seem abstract to students, but can you think of how you would be able to use it?
3. Based on your readings, assess the merits of different types of environmental regulation.
4. What is contingent valuation? Why might you use it? What are the pitfalls to it?
5. Can the private sector provide the solution to climate change?

Writing Assignment by Friday of Session 14 – submit on Canvas by midnight (please don't email Prof. Kaya your assignments. Late assignments will lose points and no assignments will be accepted beyond a 24-hour delay without a Dean's note.

Session 13:   Regulation of Labor: Domestic and International Dimensions

+Manning, Alan. 2021.   "The Elusive Employment Effect of the Minimum Wage."   *Journal of Economic Perspectives* 35(1): 3-26.

+Case: Uber and the Ethics of Sharing: Exploring the Societal Promises and Responsibilities of the Sharing Economy. 2017/revised in 2019. *Harvard Business Review*. [Course pack]

Questions:
1. What are the feared adverse effects of adopting a minimum wage on the labor market?
2. What is a reason to adopt a minimum wage?
3. What are the labor issues raised by Uber and other companies in the sharing economy?

Session 14: International Trade:

+ Baron, David: *Business and Its Environment,* Prentice Hall, 2013. pp. 519-531.

+ "Today's trade policy and trade research," By Bown, Chad P. and Meredith Crowley, June 5, 2016.   www.voxeu.org, Available at: http://www.voxeu.org/article/today-s-trade-policy-and-trade-research

Questions:
1. How has international trade changed qualitatively and quantitatively in the post-war period?
2. What is a policy implication from the Bown and Crowley piece?
3. Why is understanding the WTO essential to explaining "business in the global political environment"?
4. The lecture will discuss the rise of bilateral and regional trade agreements. How do these affect businesses?

Sessions 15 & 16: **Anti-trust**

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+ Business and Its Environment, Baron, David: Prentice Hall, 2013. pp. 238 (start at "Antitrust Thought")-251; 253-256 (AT&T Merger Case). [Course pack]

+ VHV, pp. 207-214. [available online through Lippincott]

+ "The Merger of American Airlines and U.S. Airways," By Bolte, Timothy. 2013/2014. *Review of Banking and Financial Law*. Available at:
https://www.bu.edu/rbfl/files/2014/03/RBFL-Vol-33.2_Bolte.pdf

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<u>GUEST LECTURE</u>: Dr. Marc Remer from Swarthmore College's Economics Department will draw from his experiences at the Department of Justice to give you a sense of the "past, present, and future of anti-trust."

Questions:
1. Please familiarize yourself with different schools of thought in anti-trust.
2. What are horizontal versus vertical mergers? Why does this distinction matter?
3. What was the main trade-off that lay at the core of the DOJ's consideration of the American and US Airways merger?

Session 17: **Financial Regulation**

+ Baron, David: *Business and Its Environment,* Prentice Hall, 2013. pp. 291-296; 308-313. [Course pack]

+Tarullo, David. 2019. "Financial Regulation: Still Unsettled After a Decade." *Journal of Economic Perspectives* 33(1): 61-80.

Session 18 : Cross-Country Differences in Regulation

+ Ghemawat P, and Thomas Hout "Differences in Business Ownership and Governance Around the World."
https://ghemawat.com/wordpress/wp-content/uploads/2011/01/DifferencesBusinessOwnership.pdf

+ Case study 2014/ revised in 2019: "Amazon in Emerging Markets." HBR Case Study. [Course pack]

Supplementary:

+ The case of China: Naughton, Barry. "Is China Socialist?" *Journal of Economic Perspectives* 31(1): 3-24.

+ Guiso, Sapienza and Zingales, "Cultural Biases in Economic Exchange," *Quarterly Journal of Economics*, Vol. 124, No. 3 (2009). (pages 1095-1118, 1121-1122, 1124-1126, 1128-1129)

Questions:

1. What do you find most surprising about what you read in the Ghemawat piece?
2. What explains China's success in economic development? What are the sources of fragilities? How does that case relate to the topic at hand?
3. Group discussion on Amazon in emerging markets.

Sessions 19 & 20 : Global Economic Inequality

For 11/6 please study the lecture slides related to global economic inequality and come to class being prepared to discuss the patterns in global economic inequality.

+ Milanovic, Branko. 2016. Why the Global 1% and the Asian Middle Class Have Gained the Most from Globalization.", *Harvard Business Review*, May 13. [Course pack]

+ Mankiw, Gregory. 2013. "Defending the One Percent." *Journal of Economic Perspectives* 27(3): 21-34.

+ Acemoglu Daron, "Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development," Finance and Development, 2003.

Questions:

1. How do we measure income inequality? (lecture)
2. To what extent is globalization responsible for global inequality?
3. Why, if at all, should we care about global economic inequality?
4. What is the main point Mankiw is making?
5. How does the Acemoglu piece illuminate the topic at hand? In other words, why is it on the syllabus for this week? (It is the summary of seminal research published in *AER*, which I will discuss in class.)

Session 21: Guest Lecture on "Covid-19: Market and Government Failures" by Prof. Ellen Magenheim, Prof. of Economics, Swarthmore College.

+ Diament SM, Kaya A, Magenheim EB.2021 "Frames that matter: Increasing the willingness to get the Covid-19 vaccines." *Soc Sci Med*. Nov 12:114562.

+Explore the data here: https://www.bloomberg.com/graphics/2020-coronavirus-cases-world-map/

Session 22: Microfinance

+ Banerjee Abhijit and Esther Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Chapter 7 ("The Men from Kabul and the Eununchs of India: The (Not So) Simple Economics of Lending to the Poor.") . [Course pack]

+ *"Andhra Pradesh 2010: Global Implications of the Crisis in Indian Microfinance." CGAP Focus Note. https://www.cgap.org/sites/default/files/CGAP-Focus-Note-Andhra-Pradesh-2010-Global-Implications-of-the-Crisis-in-Indian-Microfinance-Nov-2010.pdf*

Question:
1.   How does microfinance relate to market failure and government regulation issues we have been discussing in this course?

Student Presentation 1: In the second half of this class, the group will present on: comparing and contrasting different microfinance organizations from at least 2 countries. How have these different organizations adapted to the specific cultural, political, regulatory context? Are there aspects common to all? Can you have a rule of thumb for what makes a microfinance institution successful or not?

*Session 23***: Student Presentations 2, 3, 4**

1. *Dodd-Frank (financial regulation)*: What were the main promises and challenges of Dodd-Frank? How has it evolved since its introduction? Would you recommend it, or something different in its place? Explain.

2. *Moral Hazard and Executive Compensation*: Combine theory and empirical examples to highlight how much moral hazard in this area has been an issue and what can be done to overcome.

3. *The opioid crisis* and how it illuminates about the nexus of business-government-society. How does this issue relate to concepts from class? What role did business play in bringing about the crisis? What role has regulation, if at all, played?

*Session 24***: Student Presentations 5, 6, 7**

1.   Discuss the Trump Administration's *"trade war" with China*. Who are beneficiaries? Who are the losers? How has it evolved? What are its implications?

2. *Goldman Sachs and the 1MDB scandal*.   Which concepts from class illuminate this scandal? What other concepts/issues do we need to highlight to fully grasp it? How should we avoid these types of scandals in the future?

3. *Global climate change and regulation*. Assess cap-and-trade regimes established in different countries and discuss their merits/drawbacks versus a carbon tax. Would you

recommend a global carbon tax or a cap-and-trade system to tackle global climate change, and why?

Session 25: **Student Presentations 8, 9, 10**

1. *Great Indian Demonetization Experiment.* What was the aim? What is your assessment of its success or failure? What else could the Indian government do (instead of demonization that is)?

2. *Millennium Development Villages.* What has been the successes and failures of this project? Does anything we have learned in class helps understand those successes and failures?

3. *Investor-State Dispute Settlement System.* Multinational corporations can sue governments (in some cases). Why has this system emerged? How have MNCs fared, and how have governments and societies fared through these disputes?

Session 26: **Student Presentations 11, 12, 13**

1. *Peer-to-peer lending.* What is this innovation trying to solve? What are the market challenges it faces? What are the challenges government face in regulating it? Is regulation needed (why)?

2. *The Boeing 737 scandal.* What are the regulatory aspects of this case? How does the notion of global regulation relate to these discussions? What should Boeing have done differently in dealing with its non-market environment?

3. What are the differences in European versus American regulatory approaches to anti-trust (referred to as competition policy in Europe)? What have been some big cases? To what extent have they converged?

Session 27: **Review for Exam 2.**

+Exam 2 cover all material *since* Exam 1.

Session 28: **Exam 2.**