



SCHOOL OF BUSINESS

Course Number IBUS 6297/PPPA 6077

Summer 2023

Course Title *Business & the State in London: Privatization, Nationalization, and Public-Private Partnerships*

On-campus Meetings 610pm EDT Monday, 5 June & 17 July; Friday, 16 June

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Course Description:

Business and the State is the longest-running GWSB study-abroad program. Many countries have experimented with nationalization, privatization, and PPPs, but none more than the United Kingdom (UK). Our time in London is set in the broad context of business and the state in the USA, UK, and developing countries. and is designed to help us reflect on our own challenges from a new perspective. We seek to learn from the experience of country with similar challenges, but very different history and institutions.

Our one-week trip to London explores the UK's nearly 50-year experience with analysis and transfer of state assets to private ownership, and extensive use of public-private partnerships. The itinerary includes visits with academics, policy analysts, and business leaders to gain insight into current assessment of privatization and state ownership. We will discuss the lessons learned from the UK Parliamentary System, and explore the implications of the UK experience for policies in the USA and other countries. Our itinerary includes trips out of London and cultural activities.

Our focal areas are:

- 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).
- 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.

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, and will look at political as well as economic considerations, using cases drawn from a variety of industries including defense/security, financial services, energy, healthcare and telecoms, and examine impacts on firms, consumers, and workers in terms of management, employment, access, reliability, price, quality, and distributional equity. Infrastructure and healthcare will be emphasized,

Program innovation extends to the participants themselves. ***Business and the State*** is the only GW study-abroad Program cross-listed between schools. Business students and students pursuing master's degrees in public policy, public administration, and international affairs work together on issues that cross public-private boundaries. According to past participants, the multi-school, multidisciplinary perspective is one of the program's best aspects.

The program grew out of discussions between former Dean David Fowler and Lord Colin Sharman, former Chairman of KPMG International. The first group of GW faculty and students visited London in Summer 2001. As over 250 GW program graduates have experienced, the United Kingdom is an intriguing country to learn about the boundaries of the state, as the country with the most experience with nationalization, privatization, and PPPs.

The course complements and builds on traditional Business & Public Policy offerings, 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.

The 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:

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particular attention to ownership change from public to private sector (privatization) and the converse (nationalization).

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.

Learning Objectives:

- Understand the role of the state in business, including effects of diverse political systems and develop an international perspective.
- Develop perspectives for analyzing whether and how to privatize/nationalize enterprises, and how to relate enterprise performance to ownership.
- Understand the motivations, workings, and implications of public-private partnerships.

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

Work Requirements & Assessment:

Group Project $\frac{1}{3}$ Research project on lessons learned from privatization and/or public-private partnerships in one or more countries. Group paper of 15-20 pages (double spaced, 12-point type so I can actually read it), excluding charts, tables, bibliography, appendix, etc. (Group members are collectively responsible for the project, and receive a common assessment.)

Topic approved through proposal process (see below). Sample proposals and papers on BLACKBOARD > files. **Due 6pm July 28**

Proposal 1/6 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 your group focus on and how you will go about it), information you will need, and how you plan to obtain it. Length: 5-7 pp. + attachments (double spaced, 12-point type so I can actually read it). **Due 6pm June 15**

**Reflection
memo** 1/3 Individual memo reflecting on the course, including lessons from the UK and unresolved issues. **Due 6pm July 14**

The objective of the reflection memo is to convey what you learned; in an experiential course, it serves as a form of exam. Try to put together the sessions 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 is important to you.

The memo should be about 5-7 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 1/6 Students are required to attend all meetings. Participation means speaking in class; **attendance is not sufficient**. Class participation scored for each session — 1 for at least one comment or question that was productive (concise and salient), 2 for multiple such comments/questions

There is a 1-grade penalty for absence at each UK session and the US presentation session, 1/2-grade penalty for late arrival or early departure. Project presentation is part of the participation assessment.

CLASS SESSIONS

Session 1
(June 5)

Introduction to the Course, Political Economy of State Capitalism, Bailouts

Guest Speaker: Olivia Francis, GW Global & Experiential Education

Discussion of course expectations, deliverables, and participation.

Reading

UK & US news articles on state ownership and privatization, industrial policy

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

Radić, et al. Privatization: implications of a shift from state to private ownership. *Journal of Management*, July 2021. **SKIM**

Optional Reading

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

June 15, 6pm EDT

Project proposals due by email

Session 2
(June 16)

UK Political Economy, trip preparation

Guest Speaker: Tom Haigh, 1st Secretary, Economic, British Embassy

Powell, Dalton, Strom, *Comparative Politics Today: A World View*, 12th ed., 2018, Ch. 7 (Britain) SKIM

Foreman-Peck, Public-private partnerships in Britain: interpreting recent experience, In Wright et al, ed., *Oxford Handbook of State Capitalism & the Firm*, 2022.

Helm, British infrastructure policy and the gradual return of the state, *Oxford Rev Econ Policy*, Summer 2013

Optional Readings

[UK National Audit Office, PFI and PF2, January 2018](#)

Hare, PPP and PFI: the political economy of building public infrastructure and delivering services, *Oxford Rev Econ Policy*, Spring 2013

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 3
(dates TBD)

Meetings with instructor (on campus or via Zoom)
Feedback on project proposal

Sessions 4-8
(June 26-30)

Sessions held in UK (additional readings TBD)

Financial Times video, [Why did the UK sell off the railways?](#) & accompanying article, Plimmer, "Rail: frustration grows with Britain's fragmented network", 2018.

Interview with Dr. Slim Feriani, 2023, [Leveraging Djibouti's sovereign wealth to boost economic development](#).

Rodgers, [The Neil Kinnock interview](#), *The House*, 18 May 2022.

[How does the NHS in England work and how is it changing? 2022, video](#)

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

[We Own it, A model for public ownership in the 21st century, 2019](#) SKIM

Papanicolas et al, "Health Care Spending in the United States and other OECD countries," *JAMA* 319(10), March 13, 2018

SWF Institute, What is a Sovereign Wealth Fund?, n.d.
<https://www.swfinstitute.org/research/sovereign-wealth-fund>

Optional Readings

Meggison & Mueller. "Natural Monopoly Privatization: Minimizing Regulatory Trade-Offs Between Rent Extraction and Innovation." *Academy of Management Perspectives*, February 2022

Sasse, et al. Government outsourcing: what has worked and what needs reform? Institute for Government (UK), 2019

July 14, 6pm EDT

Reflection Memo Due

Session 9
(July 17)

Presentations

July 28, 6pm EDT

Papers due by email