Course: IBUS 6202/PPPA 6077, IBUS 6297/PPPA 6085  Summer 2017

Course Title: Privatization, Nationalization, and Public-Private Partnerships

Instructor: Robert Weiner, Professor of International Business, Public Policy & Public Administration, and International Affairs
401A Funger Hall, 2201  202.994.5981  rweiner@gwu.edu

Office Hours: Thursday 4-5pm, and by appt.

Course Objectives:

♦ Developing perspectives for analyzing whether and how to privatize enterprises, and how to evaluate enterprise performance after privatization.

♦ Providing participants with tools to understand the implications of public-private partnerships.

Course Description:

These two courses (six credits) examine, in an integrated fashion, privatization and public-private partnerships, focusing on the policy process and whether the privatization and public-private partnerships improve the financial and operating performance of formerly state-owned enterprises. The courses analyze the rationale for privatization and supporting policies for reforms. The courses will examine examples/cases drawn from a variety of industries including banking, oil & gas, telecom, and electricity. They provide an understanding of privatization 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.
The courses include a one-week trip to the UK to examine the history of the privatization and competition policy over the past quarter century. This will include:

- Analyses of cases of privatization from different industries in UK
- Visits with academics, policy analysts, and business leaders to gain insight into current assessment of privatization as a policy in UK.
- Discussions with UK consulting firms that have been heavily involved in privatization initiatives.

Students will discuss the lessons learned from the UK and explore the implications of the UK experience for privatization and competition policies in other countries.

**Course Format:**

Because students have different learning and working styles, this course will utilize a variety of learning and teaching formats. We will use lectures, discussions, and case studies. There is a significant amount of reading, as well as a group working paper, and an individual integrative memo, so students are urged to plan their time accordingly.

Students are expected to attend all classes. If you are unable to attend class, please call or email the instructor; absences will affect your participation grade. Students missing class are responsible for retrieving notes and assignments from classmates.

**Class participation** means speaking in class; attendance is insufficient. This is especially important for case discussion and guest speakers. **ATTENDANCE JULY 27 MANDATORY; missing all or any part of the session subject to one-grade reduction for the course.**

**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:

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<th>Course</th>
<th>Weight</th>
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<td>IBUS 6202/PPPA 6077 (seminar here)</td>
<td>40%</td>
<td><strong>Exam</strong> 40% Take-home (sent June 29; <strong>return by midnight, July 10/11</strong>)</td>
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<td>40%</td>
<td><strong>Group proposal</strong> Due June 8, 5pm. 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.</td>
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<td>20%</td>
<td><strong>Participation</strong> See note above. Also, <strong>ATTENDANCE JULY 27 MANDATORY</strong></td>
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IBUS 6297/PPPA 6085 (study abroad)

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<td>50%</td>
<td><strong>Group project</strong> Students will use the materials from lectures, contacts with people and organizations in the UK, and other sources to do a research project on lessons learned from privatization and public-private partnerships in one or more countries, possibly including the U.S., in accordance to their preference. The student research project will:</td>
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<td>a. Identify outcomes predicted by privatization theory and policy analysis, e.g., firm financial performance, consumer prices and access, etc. Then examine outcomes that occurred (or did not occur) in a particular industry and country.</td>
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<td>b. Investigate what happened and compare this with expectations. What did not happen? Why not? Discuss explanations for findings.</td>
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<td>c. Identify consequences for future reform efforts.</td>
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<td><strong>Group presentation &amp; paper due at last mtg, July 27</strong></td>
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<td>30%</td>
<td><strong>Reflection memo</strong> Individual memo reflecting on the course, including lessons learned from the UK and unresolved issues. <strong>Due 5pm July 20</strong></td>
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The objective of the reflection memo is to put together the parts of the course 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 was important to you.

The memo should be about 5 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 20% See note above. Also, ATTENDANCE AT VISITS MANDATORY
CLASS SESSIONS

Session 1
(May 25)
Introduction to the Course, Political Economy of State Ownership and Privatization


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

Megginson, The Financial Economics of Privatization 2005, Ch 1

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 Reading


Session 2
(June 1)
Firm Ownership, Governance, and Performance

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 3  
(June 8)  
*Proposal Due 5pm*

**Public-Private Partnerships/UK Private Finance Initiative**

Guest: Prof. John Forrer, GWU

CASE Public *Private Partnership: London Underground Limited*, ACRC- Hong Kong Univ. HKU819, 2009 case questions on Bb


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


Hare, Public-Private Partnerships under the Coalition, March 2015


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 Reading


Session 4
(June 15)

UK Political Economy

Guest Speaker: Benedict Wagner-Rundell, British Embassy

Powell, Dalton, Strom, *Comparative Politics Today: A World View*, 11th ed., 2015, Ch. 8 (Britain) SKIM


Optional Readings


Feigenbaum, Henig & Hamnett (FHH), *Shrinking the State: the Political Underpinnings of Privatization*, 1998, SKIM Chapter 3 (UK)

Sessions 5-9
(June 19-23)

Sessions held in UK


The British Utility Regulation Model: Its Recent History and Future Prospects


Appleby, The Coalition’s record on health care, 2010-2015: The NHS in austere times

Session 10
(June 29)

Political Economy of State Ownership and Privatization,
Firm Ownership, Governance, and Performance continued

Session 11
(Tuesday, July 11)

Case Study – SOEs in the USA: Intercity Passenger Rail
Guest Speaker, Ed, Courtemanch, Amtrak

Puentes, Tomer and Kane, A New Alignment: Strengthening America’s Commitment to Passenger Rail, Brookings, 2013

Fukui, 20 Years after JNR Privatization, Japan Railway & Transport Review, March 2008
(http://www.jrtr.net/jrtr49/pdf/f06_fuk.pdf)

Session 12
(July 20)

Case Study – Global Oil Industry: Privatization & NOCs

Reflection Memo Due


Session 13
(July 27)

Group Presentations

Group Papers Due