



Business

Course Number IBUS 6202/PPPA 6085/IAFF 6198

Summer 2026

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

Meetings Thursdays, 610pm EDT, 22 May -24 July, Duques Hall 250

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Course Description:

*We have to give the American people [government] that lives within its means. **The era of big Government is over.*** US President Bill Clinton, State of the Union address, 1996

*Inside the daily chaos of politics, there seems to be a new invisible foundation: **the era of “the era of big government being over” is over.*** Lemann, *New Yorker*, 28 October 2024

*A fundamental question in economics is why some countries are rich, while others are poor. One controversial hypothesis is that **in advanced economies, the state played a decisive role in fostering and shaping the path to industrialization and economic development.*** Réka Juhász and Claudia Steinwende *Annual Review of Economics*, 2024.

Large-scale government intervention is going to lead to the public sector having a much larger role to play across the world – Moisés Naím, former Minister of Trade & Industry, Venezuela; former executive director of the World Bank. Interview with LBS Wheeler Institute, 20.5.2020, <https://wheelerblog.london.edu/the-reaction-to-the-coronavirus-crisis-will-have-more-consequences-and-touch-more-lives-than-the-trigger/>

I think we’ve clearly entered an age in which government, certainly in the United States, is working the levers of economic control much more proactively than in recent historical experience in order to advance a combination of geopolitical and domestic political purposes. Daniel Sargent, Professor, UC Berkeley. Interview with *The Hill*, 17.4.2023 <https://thehill.com/business/3951264-a-free-market-no-more-rules-of-the-game-have-changed-after-banking-crisis-some-say/>

The United States never abandoned industrial policy. It’s always been going on at the local level and also at the federal level, driven by defence-related needs and more recently by the Department of

Energy. What's different with Biden is that there's been an explicit articulation of industrial policy as an essential component of federal government policy. Professor Dani Rodrik. Interview with FT, 9.2.2024

We have entered an era of huge changes in government role in the economy. Many countries have adopted an “industrial policy” of government intervention in the structure of the economy through the Inflation Reduction Act. The Energy Crisis and the COVID-19 Crisis saw nationalizations, sanctions, and selective government bailouts of firms worldwide.

Where better to examine *Business & the State* than GW, in the heart of the US capital? This course examines the state's role in industry and markets, spotlighting interactions between public and private sectors. It complements and builds on traditional Business & Public Policy courses, which employ a US-centric lens of public sector as regulator – developing & enforcing rules – and private sector operating within them, trying to influence them, even evading them. But governments are not merely regulators of private firms – they are investors, purchasers, suppliers, and competitors.

The course departs from this approach in two critical ways.

First, it examines arenas where governments act as players, not just as referees. The focus is on two key dimensions:

(1) 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).

(2) 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.

Second, 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:

- ◆ Development of perspectives for analyzing whether and how to privatize/nationalize enterprises, and how to relate enterprise performance to ownership.
- ◆ Familiarity with tools to understand the motivations, workings, and implications of public-private partnerships.

Course Format: We will use on-campus sessions, case discussions, and readings,¹ Details will depend on current tissues. There is a significant amount of reading, as well as a paper, and take-home exam, so please plan your time accordingly.

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:

Proposal $\frac{1}{6}$ 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. **Due by 6pm June 10**

Project $\frac{1}{3}$ Research project on lessons learned from privatization and/or public-private partnerships in one or more countries. Individual paper of 15-20 pages or group (2-3 people) paper of 20-25 pages, excluding charts, tables, bibliography, appendix, etc. (Group members are individually and collectively responsible for project work, and will receive a common assessment.) **Paper due by 6pm July 31**

Presentation of findings **at last mtg, July 24**, part of participation assessment

Topic approved through proposal process (see above). Sample proposals and papers on BLACKBOARD > files.

Exam $\frac{1}{3}$ Open book, out of class (**sent June 26; return by 6pm, July 6**)

¹ Readings on BLACKBOARD or the web.

Participation 1/6 Students are expected to attend all meetings, except study-abroad conflicts. **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

Note: There is a 1-grade penalty for absence at presentation session, 1/2-grade penalty for late arrival or early departure.

CLASS SESSIONS

(this is a dynamic subject; readings may be added)

Session 1
(May 22)

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

Discussion of course expectations, deliverables, and participation.

Reading

Meyers, Trump's DOGE campaign accelerates 50-year trend of government privatization, *The Conversation*, March 2025

Gibbs, Nationalisation is no spectre haunting British manufacturing, *Financial Times*, April 2025.

Case

Greenwood et al. President Biden's Industrial Policy. Harvard Business School Case 224-050, January 2024.

Optional Reading

Congressional Research Service, [*Federal Assistance to Troubled Industries: Selected Examples*](#) R46277, March 2020

Case Studies: Autos and Airlines

Goolsbee and Krueger, [*A Retrospective Look at Rescuing and Restructuring General Motors and Chrysler*](#), *Journal of Economic Perspectives* 29(2), Spring 2015.

de Rugy and Leff, [*The Case against Bailing out the Airline Industry*](#), Mercatus Center Policy Brief, March 2020.

Session 2
(May 29)

Political Economy of State Ownership and Privatization

Reading

Musacchio, Lazzarini, and Aguilera. "New Varieties of State Capitalism: Strategic and Governance Implications," *Academy of Management Perspectives* 29(1), February 2015.

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>

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](#)

Case

The TARP Bailouts: Saving the Banking and Automotive Industries HBS 9-218-107, February 2019

Optional Reading

Grosman et al, State Control and Corporate Governance in Transition Economies: 25 Years on from 1989. *Corporate Governance: An International Review*. 24(3), May 2016

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

Session 3
(June 5)

Firm Ownership, Governance, and Performance

Reading

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

Meggison, *The Financial Economics of Privatization*, 2005, Chapter 2 and pp. 253-267

Bortolotti and Faccio, *Government Control of Privatized Firms. Review of Financial Studies*, August 2009

Marcelin and Mathur, Privatization, Financial Development, Property Rights and Growth, *Journal of Banking and Finance*, 2014

Optional Readings Ang and Boyer, Finance and Politics: The Wealth Effects of Special Interest Group Influence during the Nationalisation and Privatisation of Conrail. *Cambridge J. of Economics* 31, 2007

Djankov, Mcliesh, Nenova and Shleifer, Who Owns The Media? *Journal of Law and Economics*, 46(2), October 2003

Boubakri et al. Privatisation in Developing Countries: Performance and Ownership Effects. *Development Policy Review*, 26 (3), 2008

June 10, 6pm

Proposals due by email

Session 4
(June 12)

Public-Private Partnerships

Reading

[Buckberg, et al, "Rising Tide of Next Generation U.S. P3s", February 2018 pp. 1-12](#)

Kanter and Fox, Finding the Money: An Overview of Infrastructure Finance Challenges and Opportunities, HBS Note 9-314-094, 2014

Case

Hillion and Wee, Public-Private Partnerships: The Project Financing of the Indiana Toll Road, INSEAD Case 190, 2012

Optional Reading

Wettenhall, The Public-Private Interface: Surveying the History, in Hodge & Greve, ed. *The Challenge of PPPs: Lessons from International Experience*, 2005

[Parker, "PPP/PFI – Solution or Problem?" *Economic Affairs*, 2009](#)

Session 5
(dates TBD)

Meetings with instructor (via Zoom)
Feedback on project proposal

(June 19)

no class, GW holiday

Session 6
(June 26)

Leviathan Invests Abroad – SOMNEs & Sovereign wealth funds

He, Eden, and Hitt, The renaissance of state-owned MNEs, *Thunderbird International Business Review*, 58(2), 2016.

Megginson, Lopez, D. and Malik, The Rise of State-Owned Investors: Sovereign Wealth Funds and Public Pension Funds. *Annual Review of Financial Economics*, 13, 2021(**SKIM**).

Stone and Truman, *Uneven progress on sovereign wealth fund transparency and accountability*, PIIE Brief 16-18, 2016.

(July 3) no class; Independence Day eve; work on exam (**due July 6, 6pm**)

Session 7
(July 10) **Development Banks: State-owned Financial Institutions**
Guest Speaker Jesse Corradi, Development Finance Corporation

The chimera of private finance for development, *Economist*, June 2025.

Musacchio, et al, State-owned Development Banks, in Wright et al, eds, *Oxford Handbook of State Capitalism and the Firm*, 2022

Session 8
(July 17) **Case Study – Global Oil Industry: Privatization & NOCs**

Reading Heller et al, Oil's Power Players, *Foreign Policy*, June 2019 (brief intro to NOCs)

Victor et al, *Oil and Governance: SOEs and the World Energy Supply*, 2012, Ch 1-3.

Heller and Mihalyi, *Massive and Misunderstood: Data-Driven Insights into National Oil Companies*, NRGJ, April 2019, Executive Summary, Ch I, V.

CASE Serafeim et al, *Statoil: Transparency on Payments to Governments*. HBS 9-115-049, March 2015

Session 9
(July 24) **Presentations**

July 31, 6pm

Papers due by email