DEMOCRACY AND THE CORPORATION

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COURSE OUTLINE

Corporations have emerged as arguably the dominant governance institutions on the planet. The largest of them reach into virtually every country in the world and exceed most governments in size, wealth, logistic capabilities, and influence. Their governance is directed both inward, structuring the environment in which most modern adults work, and outward, influencing government policy and the broader social landscape. Although often thought of as natural inhabitants of market economies, for-profit corporations are in fact artificial entities of recent vintage—creations of the state that enjoy legal privileges (entity shielding, limited liability, perpetual life) denied to natural individuals. Originally viewed as quasi-public institutions and constituted through special legislative charters for the purpose of achieving specific public goods (operating bridges, roads, etc.), they have evolved into general-purpose profit-making centers, constituted under general articles of incorporation and treated as private “legal individuals.” Furthermore, in many contexts, they now dominate their original creators. This course will focus on the special features of corporations as governance institutions. How did corporations emerge? How are they controlled and by whom? What are their relations with government? How has the line between public and private shifted over time? How have corporations worked to effect this shift, and what advantages, rhetorical and legal, follow from being categorized as “private”? How do we participate in corporations as consumers, employees, and stockholders, and what are the conflicts among these forms of participation? What rights should corporations have, and what responsibilities? How have Americans over the years tried to promote them, transform them, and control them, and with what success? We will examine these questions with reference to several historical cases, including the British East India Company—the greatest early corporation and the effective governing authority of a large chunk of India—and Wal-Mart, today’s largest corporation.
I. Introduction to corporations

Week 1 What are corporations?
M. * Course introduction
   * View first half of “Food, Inc.”
W. * View second half of “Food, Inc.” and discuss
   * Ciepley, “modes of governance”

Week 2 The British East India Company: The first major for-profit corporation
M. * Nick Robins, The Corporation that Changed the World, xvi, 5-7,19-57, 61-80, 162-165
W. * East India Company charter
   * General articles of incorporation of Delaware and Nevada today
   * Wal-Mart articles of incorporation (selections; read first 10 pages, skim the rest)
   * Wikipedia “Preferred Stock”
   * East India Company and Wal-Mart images. TBA

Week 3 Democracy and the corporation: tensions from the beginning
M. * Thomas Hartmann, “The Boston Tea Party Revealed”
   * Pauline Maier, “The Revolutionary Origins of the American Corporation.”
     Submit typed notes on Maier, along with questions it raises for you.
W. Government-granted privileges: limited liability and entity shielding

II. Suing the Corporation for big business:
The concentration of control in the hands of management

Week 4
M. Freedom from government regulation
   * “Corporate Constitutional Rights”
   * Horwitz, “Santa Clara Revisited,” bottom66-78, 90-mid93, (maybe the intervening), 94bottom-95, (maybe intervening), mid98-107
   * Concepts of the Corporation (a table to be read alongside the Horwitz piece)
W. * In-class viewing and discussion of “The Corporation”

Week 5 Freedom from shareholders
   * Bring to class “TIAA-CREF Proxy.” We will look at it in class.
   * Bring laptop to view “TheyRule.org” in class.
  * Midterm exam

Week 6
M. **Summary of the course to date**
   * Ciepley, “Beyond Public and Private: Toward a Political Theory of the Corporation”
W. **Corporate Governance and Political Economy; Executive pay**
   * “Rhenish Capitalism”
   * Gourevitch, *Political Power and Corporate Control* (selections)
   * Bebchuk and Fried, “Pay without Performance,” read p. 6, second column p. 7, first column p. 8
   * Reich, “CEOs Deserve Their Pay”
   * CEO pay rejoinder

III. Corporations exercise their power

Week 7 **Control of Employees** (the loss of worker self-direction; a return to worker self-direction?)
M.  * “The Scientific Management Era”
   * Simon Head, “They’re Micromanaging Your Every Move”
   * Suzy Wetlaufer, “Organizing for Empowerment: An Interview with AES’s Roger Sant and Dennis Bakke”
W. **More on Control of Employees; Control of Suppliers**
   * Ellen Israel Rosen, “How to Squeeze More out of a Penny”
   * “Frontline: Is Wal-Mart Good for America?” (in-class video)

Week 8 **Corporations and Foreign Affairs**
M.  * Perkins, *Confessions of an Economic Hitman* (selections)
   xi – xvi (The Preface) defining terms like EHM and jackel 6pp
   xix-xxv (Prologue) with stats on Ecuador 7pp
   3-23 Getting into the business 21pp
   33-39 Indonesia (first assignment) 7pp
   48-53 Indonesia cont. (selling out) 6pp
   59-65 Indonesia finished 7pp
   87-105 OPEC and Saudi Money Laundering scheme 19pp
   110-113 Saudi finished 4pp
   66-71 Torrejos of Guatemala 6pp
   81-86 Meets Torrejos 6pp
   117-118 hires MIT guy to work up a bogus econometric system 2pp
   161-164 how the author isn’t really an economist and his staff is duped 4pp
   165-170 Ecuador and Rolodos (sp?) 6pp
   176 last sentence only (resigns) 0pp
179-189 Assassinations of Rolodos and Torrejos 11pp
243-247top Ecuador 4pp
249-259 on dollar as reserve currency; U.S. In Iraq; gospel of growth critiqued; Paul Revere and critique of British mercantilism (I should find out more about this for class. Maybe that piece by the Harvard guy) 11pp
273-274 on “debt forgiveness” with restructuring 2pp

Total pages of reading: 128pp

M.  * Kuttner, *Everything for Sale*, 178-186 (print “Kuttner, Takeover Market”)
    * In-class viewing of “Wall Street,” Academy Award winner

IV. Democracy and the Corporation

Week 9
M.  * David Ciepley, “The Corporate Roots of the Liberal Democratic State”
W.  **What should we do? Regulate Corporations? Break them up?**
    * Henry Carter Adams, “Relation of the State to Industrial Action” (excerpt)
    * Nick Robbins, “Downsizing the Corporation”

Week 10
M.  **Democratize the corporation?**
    * Henry Hansmann, “Employee ownership of firms”
W.  TBA

Finals Week
Mon. Final paper due at noon. Place hardcopy in my box, 4th floor Sturm, Poli Sci Dept.
Course Requirements and Grading

Course credit will be based on class participation, several papers, occasional submission of typed notes, and completion of other assignments. I reserve the right to adjust the assignments as we proceed. In calculating your grade, the various components of this course will be weighed in roughly the following proportions: 15% class participation, 15% midterm, 60% paper, 10% notes and quizzes.

Participation: Class time will be devoted primarily to discussion of the readings. It makes no sense to come to class if you haven’t done the readings: you will get very little out of the discussion, and others will get nothing out of you. You do not get credit for showing up; you get credit for speaking up. On the other hand, the classroom is not a competitive arena. If you make one reasonably thoughtful comment each class, you get full credit for the day. Come with a question or comment in mind. Also, I’ll occasionally ask a “no-brainer” question. If you’ve nothing else to say for the day, or are simply shy, at least take advantage of these. We’ll all thank you for it, as it will help us keep discussion at a steady pace. Above all, be sensitive to the classroom dynamic, for which we are all responsible. Don’t take over the discussion; disagree respectfully; keep your comments on topic; try to refer to your classmates by name when referencing a point they have made (this helps keep things civil—reminding us that there is a person behind every opinion).

Papers: Papers will be divided into a style component (worth one third) and a content component (worth two thirds).

Extension policy: Paper due dates are announced, and paper topics handed out, well in advance of the deadline. If you budget your time and start your paper early, you should have no trouble getting your paper in on time, even if you fall ill. There are no deadline extensions in this course, with exception made only for hospitalization or death in one’s immediate family, to be confirmed through an email from one’s academic advisor. There are no extensions for illness, extracurricular activities, other schoolwork, or anything else. However, I do accept late papers, although in fairness to your fellow students, they will be marked down one third of a grade for each day late, with the first 24 hour period commencing immediately after the deadline. I will not think less of you for handing in a late paper. I realize that sometimes other things must take priority. If taking an extra day will allow you to write a significantly better paper, by all means take the extra day. It will more than make up for the third of a letter grade deducted. If, in order to avoid accumulating penalties, you need to turn in a paper on a weekend, you may email it to me and hand in a hard copy on Monday.

Typed notes and quizzes: I will occasionally ask you to submit typed notes on a reading, usually because I judge the reading to be particularly tricky or to require the connecting of some dots. Some of these are already indicated on the syllabus. Notes should be one or two pages long, no longer. Good notes record questions and insights you have and connections you make.

I give pop quizzes.
GUIDELINES FOR WRITTEN ASSIGNMENTS

One of the basic aims of the course is to improve your writing ability. The written assignments are intended not only to stimulate reflection on the issues and problems of the reading, but also to encourage the development of skills in style, composition, and argumentation. In writing your papers, you are asked to adhere to the following general guidelines. (For further help, you should consult a good writer’s manual and, if necessary, enlist a writing tutor. If you need help, get it early!)

Formatting:
- Papers should be type-written, using a 12 point font.
- Papers should have a title (centered and in bold type is standard practice).
- Text should be double-spaced.
- Please enter two spaces after a period. It improves readability.
- Leave good-sized margins—somewhat over an inch is preferable.
- All pages should be numbered.
- Please do not exceed the assigned length limits of the paper.

Organization: Your paper should be a coherent whole, with a logical movement from one sentence to the next, and one paragraph to the next. Don’t just string together a number of observations on the reading (“And another thing….”). Your paper should have an introduction, a body, and a conclusion. The Introduction is the most important paragraph of any paper. You must convince the reader that it is worth her time to read what you have to say (especially in these days, when there are so many people talking at us). So it must at least implicitly answer the question: why should I care? A typical Introduction will raise a general problem, narrow this problem to the aspect of it that you will address, and provide the gist of your solution (the thesis sentence). The Body of the paper contains your argument, backing up your proposed solution. The Conclusion sums up.

Composition: Don’t presume too much of your reader. Don’t write the paper as if it were for the instructor, but as if it were for a roommate who is decently educated but hasn’t read the materials. Be explicit.

- Avoid academic jargon. Also avoid slang. Use “standard written English” (like The New York Times, for instance). Always be clear.
- Omit needless words! Omit needless words! Omit needless words!

Spelling and grammar: Proofread everything! Better yet, have someone else (someone who isn’t in our class) proofread for you. Triple check your quotations, to make sure they are exact. (It is easy to slough this off, with the thought that, hey, there are no errors here, since all I’m doing is copying it down. But you’d be surprised at what creeps into a quotation on a late night. Misquotation is a relatively serious offense, and I take off for it.) Use “spell check”! Papers with excessive grammatical and spelling errors will be returned for corrections and graded as late.