

Big Corporations and Social Justice

Type: Blockseminar

Number: 50176

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Participants: P&E Bachelor, P&E Master, BA IWB, BA Economics, MA IWB, MA Economics

Lecturers: Marco Meyer, Carsten Jung

Dates: 10-12 May 2019

Start-time: 10 May, 12.00 s.t.

Overview Deadlines & ToDos

Deadline for applying to give a presentation: 6 April

There are seven short presentations to be allocated, details below

Deadline for submitting reading questions: 6 May

Submit answers (about 100 words per question) [here](#).

Seminar Description

Big corporations are on the rise. For instance, in ten percent of industries in the US, only four firms control the vast majority of the market. Some bigger corporations are more productive and innovative than some small ones. But big corporations also have more market power. They find it easier to set high prices, establish new practices, buy up competitors and influence policies that affect them. Some large corporations provide services and infrastructure that are more crucial than those provided by many government agencies, but are not necessarily held accountable in the same way. Finance is a sector where this has been explicitly acknowledged, with some institutions being labelled as “systemically important”, which are therefore under strong regulatory scrutiny.

In this seminar, we discuss, first, why companies in many sectors are getting bigger and more powerful, and whether this trend might continue. Second, we ask what is the impact of the concentration of power for employees, customers, and society at large? We will consider examples of big global banks, which are heavily regulated, and big tech firms, which aren't. Third, what should be the role of corporations in society? Do large corporations currently fulfil these expectations? Fourth, which norms, rules, and policies should we pursue to better align the behaviour of big corporations with their social function?

Lecturers

Marco Meyer

Marco has a PhD in philosophy from the University of Cambridge and is currently reading for a PhD in economics at the University of Groningen. He received a Master's degree in philosophy from Oxford University, a BA degree in Philosophy & Economics from Bayreuth university, and a

BA in European History from Bayreuth University. His research interests include financial ethics, applied epistemology and global justice. He has taught students at the universities of Oxford and Cambridge, and has given seminars on philosophy and economics.

Carsten Jung

Carsten is an economist at the Bank of England's Fintech Hub, where he leads the work on artificial intelligence policy. Before that he worked on policy issues concerning the global financial vulnerabilities and systemic risks from climate change. He holds a BA in Philosophy & Economics from Bayreuth, an MSc in Economics from Warwick University and an MSc in Economic Sociology from LSE. He was also a Carlo-Schmid intern at the International Monetary Fund.

Learning Goals

- Understand the impact of big corporations on the economy and on society.
- Reflect on the role of corporations and competitive markets in society.
- Explore the possibilities for governing and regulating big corporations to align them with their societal purpose.

Agenda

Friday: The Role of Corporations in Society

12.00 (we start s.t.)	Introduction to the big corporations debate
13.00	Economics and big corporations
14.30	Corporations from the perspective of justice
16:15	The social purpose of corporations and the public/private distinction
18.00	End

Saturday: Why are there Big Corporations?

09.00 (we start s.t.)	Big Corporations in Practice
10.30	Why are there big corporations?
11.45	Corporate Governance
13.15	Lunch

14.45	Antitrust
16.30	Regulating Big Finance
18.00	End
19.00	Optional: Dinner

Sunday: What to Do about Big Corporations? (C)

09.00 (we start s.t.)	Simulation: Preparation in groups
10.45	Simulation: Subcommittees
12.15	Lunch
13.00	Simulation: Full committee / Learnings
15.00	Feedback
16.00	End

Reading List & Reading Questions

- Please submit answers to reading questions (about 100 words per question) online [here](#)

Introduction to the big corporations debate

Readings:

- Economist (2019) - Powerful firms are becoming more powerful [2 pages]
- OECD (2018) - Market concentration
- Pick 3 of the monopoly topics [on this page by the Open Markets Institute](#)

Q: Are firms growing bigger and why could that be a problem? Describe in your own words.

Corporations from the perspective of justice

Reading: Norman, Rawls on Markets and Corporate Governance

Q: What are some of the key normative and empirical questions that determine whether big corporations help or hinder egalitarian justice?

The social purpose of corporations and the public/private distinction

Reading 1: Scherer, Palazzo: The New Political Role of Business in a Globalised World

Q: Explain why you do or do not agree with Palazzo and Scherer that big corporations should focus on developing their `moral legitimacy`.

Reading 2: Ciepley, Beyond Public and Private

Q: How does Ciepley's discussion of the way in which corporations transgress the public/private divide apply to big corporations?

Why are there big corporations?

Reading: Autor et al., The Fall of the Labor Share and the Rise of Superstar Firms

Q: Based on Autor et al.'s analysis, do you predict that the rise of superstar firms will continue?

Corporate Governance

Reading: Ciepley, Can Corporations be held to the Public Interest?

Q: Which, if any, changes in corporate governance would enable us to hold big corporations to the public interest?

Antitrust

Readings:

- Tirole (2014) – Nobel lecture on Industrial Organisation
- Economist (2018) – Regulators in the west are in need of a shakeup [2 pages]
- Amazon's antitrust paradox – up to p.746

Q: Do you think antitrust policy needs a rethink? Argue for or against and give your reasons.

Regulating big finance:

R: Haldane (2012): On being the right size

Q: What do you think are parallels between the regulation of big financial firms and wider debate on big corporations?

The big policy simulation:

- Furman et al (2019): Unlocking digital competition, chapter 1

Q: What would you say are the key challenges with regard to big corporations, in digital markets?

Assessment

Attendance-only "Schein" (PE: 2 ECTS): You need to (1) do the readings, (2) do the problem set, (3) participate actively in the seminar

Essay "Schein" (PE: 6/8 ECTS): You need to (1) do the readings, (2) do the problem set, (3) write an essay (4.000-5.000 words). If you give a presentation, this will feed into your grade as well.

General Readings & Reading Questions

- All readings in this section are required readings. In addition, there are two required readings associated with your workshop of choice
- There will be very few presentations in the seminar, and there won't be presentations to recap readings
- Some of the readings are difficult. Rather than giving you watered-down readings, we want to encourage you to develop a reading skill that will become very handy in your academic life: extracting relevant information and arguments from very difficult texts. Always keep the respective reading question in mind while reading, and focus on getting an answer to that question out of the text. Do not despair if there are parts of the readings that you don't understand. Make a note and ask during the seminar.
- Deadline for Submission of Reading Questions: 6 May.
- Reading questions are to be submitted online [here](#).
- You can save the form as draft and continue later. Make sure you note down the URL displayed after you click on save as draft.
- Please answer each question in no more than 100 words

We have crafted reading questions to prepare you for the seminar and give us material to work with during the seminar. Consider answering the reading questions as part of the seminar designed to meet seminar goals, rather than a box-ticking exercise.

Presentations

- There are seven short presentations available (8 min)
- Please let us know about your preferences for presentations by 6 April (marco.meyer@york.ac.uk)
- Stick to the presentation topic
- Stick to the time limit: 8 min
- A projector will be available _____
- Presentations should be in English, but don't be intimidated — we'll have an atmosphere which is quite tolerant of less than perfect English; what matters is that you can get your point across.
- For good presentations, we give an essay grading bonus of one grade-step (e.g. from 1.7 to 1.3). Alternatively, presenters can get a discount on essay length. If you would like to do one of the presentations.

Economics and big corporations

- Presentation 1: Micro-econ refresher: Monopoly, monopsony and monopolistic competition (based on an econ textbook of your choice)

Case Studies big companies:

- Presentation 2: Facebook (Focus on [Data & Consent](#))
- Presentation 3: Volkswagen (Focus on [Lobbying](#))
- Presentation 4: Boeing (Focus on [Pricing](#))

Instruction for each big company case study:

- Duration of presentation: 8min
- Describe what the company does (e.g. industry, products, markets).
- Describe how big the company is (e.g. revenue, net income, number of employees, and market share) compared to competitors in the same industry.
- What are some of the reasons that the company could grow so big?
- What are some of the good things the company does because it is big (concerning employees, customers, society)?
- What are some of the bad things the company is associated with (concerning employees, customers, society)? Do these practices have to do with the fact the company is big?

Corporate governance case studies:

- Presentation 5: Johnson & Johnson vs. Novo Nordisk (Dispersed ownership vs. [Foundation](#) as large shareholder)
- Presentation 6: JPMorgan vs. Credit Agricole (Publicly listed vs. [Cooperative](#))
- Presentation 7: Walmart vs. DM Markt (Hierarchical vs. [participatory governance](#))

Instructions for each corporate governance case study:

- Duration of presentation: 8 min
- Compare the two companies concerning its size (e.g. revenue, net income, number of employees, market share);
- Compare the two companies concerning its corporate governance (corporate form, ownership);
- Argue whether the differences in corporate governance make a difference for whether the companies serve the public interest.

Essays

Topics: We'll run a short session on possible seminar topics during the Blockseminar, and point out possible seminar topics during the seminar. You are encouraged to come up with your own topics.

General Guidelines

- Between 4,000 and 5,000 words
- English or German
- Before you start writing, look at this essay writing guide: <http://www.phil.cam.ac.uk/curr-students/IA/curr-students/writing-skills/>

- Re-read and revise before submitting. Ask a friend to read your paper.
- We set a deadline for the essay with students individually to fit their needs.

General Structure

- Define and answer a precise research question (check with us!), give a clear answer to the question which you state in the introduction (your thesis), and use your essay to defend that answer.
- Structure essay according to thesis: No paragraph and indeed no sentence that does not help investigating the thesis belongs in the essay.
- When developing an argument, state premises and conclusion clearly.
 - Make sure the argument is valid
 - Anticipate objections to your premises and discuss in the essay
- When using empirical data, explain and scrutinize it
 - Make sure the data is relevant to your argument and explain how that is
 - Indicate the source
 - Do not only report results, but also show awareness of the methodology used
- Summarize your argument in a brief conclusion

We encourage you to look for additional literature. You are not expected to read everything there is on your topic, however. In depth analysis and development of your own sustained argument matter much more. So, read a few things, but then start writing quickly.