
Syllabus

Class Meets:

Monday and Wednesday

1:00-2:30pm

Dates: March 9 – April 18

Room: B0560

12 Sessions

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Office hours: Tuesdays from 4-5pm or by appointment

Course Overview

Capitalism, the system that raised the standard of living for millions of people for centuries, is now in crisis. This concern comes, not just from critics outside the market, but from many within it. In the words of Nobel Laureate Joseph Stiglitz, capitalism needs to be “saved from itself.”¹ Former Unilever CEO Paul Polman, calls capitalism “a damaged ideology” that “needs to be reinvented for the 21st century.”² The overriding reasons for these critiques are the looming specter of systemic failures, both social and environmental, that are caused by the market.

The market’s failure in our social environment. Our society is becoming dangerously unequal as disparities in economic wealth and opportunity grow to epidemic levels not seen in some parts of the world since 1929, just before the start of the Great Depression. Statistical proof is plentiful. In 2014, “the top 1% of households had 38.6% of the nation’s wealth, compared with –0.1% (that’s right) for the bottom 50%.”³ Such inequality has increased in nearly all regions of the world as “most economies are failing to provide the conditions in which their citizens can thrive, often by a large margin.”⁴ The ultimate outcome of these disparities is that high numbers of people live perilously close to economic calamity, a possibility that the COVID-19 pandemic has now made real. Before COVID-19, nearly 44% of Americans earned about \$18,000 per year;⁵ and 42% had saved less than \$10,000 for retirement.⁶ During COVID-19, these people relied on unprecedented levels of government support to avoid facing catastrophe. As these supports come to a close, their future looks very uncertain. Ray Dalio, founder of Bridgewater Associates, the world’s biggest hedge fund, calls income inequality an “existential threat” to capitalism,⁷ which he labeled a broken system, warning that we could face increased populism, conflict and “revolution of one sort or another” if it is not fixed.⁸

¹ Riback, C. (2019) “Joseph Stiglitz: Saving capitalism from itself,” *Chris Riback’s Conversations*, June 21.

² Farrell, S. (2019) “‘Damaged ideology’: business must reinvent capitalism – ex-Unilever boss,” *The Guardian*, October 29

³ Dizikes, P. (2020) “The productive career of Robert Solow,” *MIT News*, January/February: 12

⁴ Zaidy, H. (2020) “The American Dream is much easier to achieve in Canada,” *CNN Business*, January 20.

⁵ Ross, M. and N. Bateman (2020) “Low unemployment isn’t worth much of the jobs barely pay,” *Brookings Institution*, January 8.

⁶ Morris, C. (2018) “42% of Americans have less than \$10,000 saved for retirement,” *Fortune*, April 18

⁷ Dalio, R. (2019) “The world has gone mad and the system is broken,” *Linked In Influencer*, November 5

⁸ Op. cite. Farrell, S. (2019).

The market's failure in our natural environment. Scientists have set a boundary limit for atmospheric CO₂ at 350 ppm to maintain a stable environment and the world is now at 400 ppm and climbing. These elevated concentrations are increasing the frequency and intensity of wildfires, droughts, hurricanes, temperature fluctuations, sea-level rise and more. Similarly, scientists warn that we are in the midst of the "sixth mass extinction," where as much as half of all present species could be extinct by 2100. While the market is increasing these and other environmental problems, the resultant costs to the US economy alone could reach between \$54 trillion and \$69 trillion by 2100 in lost labor productivity, declining crop yields, food shortages, early deaths, property damage, shortages of clean water, air pollution, flooding, fires, and more,⁹ a reality that the record-setting 2020 and 2021 wildfires in the Western United States made vividly real.

These failures can be fixed. They are caused by choices in how the market is structured by those in power who benefit from it today. These choices can be reexamined by those who will be in power tomorrow. In the end, capitalism is a set of human institutions, designed in the service of humans and able to evolve when those interests are no longer served. It is neither static, nor homogenous and is, in fact, quite malleable, able to adjust to challenges as they arise. But unlike past adjustments like the breakup of monopoly power or controls against collusion, the threats we face today are not simply externalities that can be addressed through incremental adjustments to the present system. They represent deep systemic failures in our economic and political institutions which will require proportionally deep structural changes.

This course is designed to develop a new kind of leader, one focused on mastering the domains of commerce while also recognizing that they have an interest and responsibility in maintaining the integrity, stability and equity of the system in which they practice that craft. Rather than exploit a broken market or political system for personal gain, future business leaders must take ownership for stewarding the institutions of the market. To this end, this course will not take the form and function of capitalism as unquestioned, but instead guide students in a critical understanding of how capitalism(s) are structured, the underlying models on which they are based, how they have evolved into the forms we know today, where they have failed and what multiple forms might they take in the future. This will lead to challenging analyses that move beyond simplistic notions of "expanding the pie" or the "win-win" scenario, which often translate into maintaining the inequities that are undermining our society. Instead, it will require careful and deliberative choices on how the market can and should be structured, with distributive implications that are necessary to make society and the economy strong, fair and sustainable in the aggregate both now and in the future, not just for today's select and affluent few.

Course Expectations

Because this class depends on our interactive dialogue, **class participation** is essential, both for your and your classmate's learning. If you have reservations about speaking in class, you may wish to carefully consider your taking this class. When you speak in class, your emphasis should be on quality as opposed to quantity. Your comments should be focused on one point and should be backed up with sound reasoning. Comments should transcend the "I feel" syndrome. This is too easy a topic to drift into easy platitudes and reactionary statements. You should

⁹ Stevens, W. (1997) "How much is nature worth? For you, \$33 trillion," *The New York Times*, May 20: B7, B9.

build your comments on models, evidence or analysis of inherent tradeoffs. In other words, the comments should demonstrate some reflective thinking.

Generally a high participation grade is difficult to achieve if you are absent. Therefore, class **attendance** is critically important. If you must miss a class, please inform me in advance.

In this course you will be expected to do **a lot of reading**. On such a topical and emergent issue, discussion without solid analysis and evocative examples would likely digress into a fruitless exchange of unsupported opinions. We will take a slightly different approach to reading in this class than you may be familiar with in other classes. There are many articles and videos (with hyperlinks). You are expected to review this material but are strongly encouraged to (a) read judiciously, skimming content with which you are familiar and diving deep into information that is new, and (b) find additional materials on the topic of each class and bring that material to the class discussion. In this way, we will learn together.

Learning Objectives

- Develop an understanding and appreciation for the institutions of capitalism and the market, understanding how it formed and evolved into the form we enjoy today.
- Learn about major turning points and processes in the global history of capitalism.
- Become familiar with key concepts in the history of capitalism such as the invisible hand, Protestant ethic, creative destruction, the theory of the corporation, corporate personhood, the gig economy, technology and labor replacement, short-termism, corporate power, lobbying, crony-capitalism, government capture, industry self-regulation, stakeholder and shareholder capitalism, consumption, degrowth, free trade, as well as deeper ideas of what capitalism, socialism, communism, liberal, progressive, conservative, and libertarian mean.
- We explicitly challenge the boundaries of the current system, asking whether there is a different way to shape the institutions in which corporations are embedded (e.g., the notion that shareholder value comes at the expense of stakeholder satisfaction).
- Engage critically with some of the significant, pieces of writing on economic, social, and political trends in the market from authors such as John Maynard Keynes, Ayn Rand, Joseph Stiglitz, Max Weber, Adam Smith, Joseph Schumpeter, John Kenneth Galbraith, Karl Marx and more.
- Analyze and discuss some of the major topics in the history of capitalism with peers from around the world.
- Explore contemporary questions like: What is capitalism? How has it changed over time? What is socialism or libertarianism? Why are some countries rich and others poor? Has capitalism always posed a threat to the natural world? What is globalization and why is it happening? Has technology taken away too many jobs? Is there an inherent tension between capitalism and democracy? How did we get to where we are now? And why do we need a global perspective to fully understand its development and impact?
- Students will learn to recognize how firms and business issues are integrated into larger systems (e.g., organizational, political, cultural, social, economic, environmental and legal).
- Consider the role that businesses and business managers can and should play in maintaining the stability and ongoing effectiveness of capitalism and the market.
- Students will learn to ask questions thoughtfully and listen deeply to responses in order to understand the needs, goals and perspectives of others.

Assignments

Your Final grade is composed of:

1. Class Citizenship	20%	
2. Group Country Analysis	30%	Due ON CANVAS by 6:00pm on Sunday, 4/10
3. Individual Papers (2)	20%	Due ON CANVAS by 6:00pm on Sunday, 3/10 & 4/3.
4. Final Paper	30%	Due ON CANVAS by 6:00pm on Sunday, 4/17.

1. Class Citizenship (Individual). A portion of your grade is based on class citizenship, which includes extensive reading (and video watching), active participation and careful attention to mutual respect, fairness and professionalism in the classroom and in any virtual spaces we may use. It is critical not only for your personal learning, but also for the learning of your fellow classmates. Much of the value of the class comes from prepared, thoughtful, and informed dialogue between you and your classmates. This includes preparing for each class session. Readings *are to be completed before* the class meets. Each session's reading assignments will present a variety of viewpoints. While reading these materials you should continually ask yourself: Do I understand the issue being discussed? Can I frame the issue in the perspective of both the critic and the proponent? How might this affect my decision-making as a manager? From there, you are expected to be an active participant in small-group and full-class discussions, completing class assignments, demonstrating respect for all course participants, and communicating with the professor in a timely manner regarding any issues that arise that may inhibit your ability to fully participate.

Every session involves discussion, so you should be prepared to share your ideas and your questions and carefully listen for opportunities to learn and contribute to the learning of others. In a class like this, it is not always possible to call on every person who would like to speak. If you have a question you would like to discuss further, you can always reach out to the professor. When you are called upon, your contribution to class discussion will be evaluated more by the *quality* of your comments than their *quantity*. Quality comments often possess one or more of the following:

- Offer a relevant perspective with clear reasoning and careful analysis
- Apply the theory and concepts offered in the readings and lectures correctly.
- Advance discussion forward by building on previous contributions with original insights and/or powerful, provocative questions – do not merely restate points already made by others.
- Helps other students contribute their ideas
- Shares your own personal experiences in a way that adds to our understanding of the topic being discussed
- Talk with appropriate frequency (i.e., neither dominating the conversation nor being too passive).

2. Country Assignment (Group): Capitalism is not monolithic. Nordic capitalism is different from American capitalism is different from Chinese capitalism on multiple dimensions. For this assignment, pre-assigned teams will conduct an analysis of capitalism as practiced around the world (Norway, Germany, Japan, China or elsewhere), highlighting the pros and cons of

features of each variant. The deliverable will be two-fold. You will hand in a PowerPoint deck that will also be presented to the class in session #10.

3. Two Short Papers (Individual): At two points during the course, students will be asked to write two short individual papers (no more than 1 page, single spaced in length). These papers are designed to act as building blocks for the final paper (see below). Students will write on the following topics:

Paper 1: Is capitalism broken? Does it need to be reexamined? Is such a reexamination one of incremental or transformational change? If so, why? If not, why not?

Paper 2: Running a business is hard and there will always be problems in the market (i.e. externalities, and “public goods”). Make the case to a skeptical classmate or co-worker as to why private sector managers should devote attention and energy to reexamining and amending capitalism.

4. Final Paper (Group): Pre-assigned student teams will submit a 10 page, single spaced final paper (not including references and exhibits) that addresses the following questions: In what ways does capitalism need to be reexamined? What kind of economic system do you think we should be striving to shape? What role should the private sector play in creating that system? What role can and should individual managers play? What will be the most challenging part of this for business leaders? What kinds of opposition might be expected to this effort and how might it be overcome?

Course Material

All readings and videos are presented as hyperlinks in this syllabus. I recommend you be careful in how many times you click on a link as some outlets (i.e. *Harvard Business Review*) allow you a certain number of free views per month. These readings should be supplemented by steady reading of contemporary environmental issues as published in *The New York Times*, *Wall Street Journal*, *Business Week* etc. A NOTE ON HYPERLINKS: I have checked all links as I built this syllabus. But, in a word, they change. If you find one that doesn't work, please try googling the title or go to the [Kresge Library](#) and type the title into the search function and let me know.

Academic Integrity and Community Values

Personal integrity and professionalism are fundamental values of the Ross School community. You have a duty to be familiar with and understand the Ross School's Statement of Community Values, the Ross School Academic Honor Code, and the Ross School Code of Student Conduct including all campus public health policies. In light of COVID our community has enhanced the Code of Student Conduct to include our commitment to each other and adherence to campus and School public health policies. Each of these, including a Statement of Student Rights and Responsibilities, may be found in the Ross School Impact on [Ross Community Values](#). In addition every student at the University of Michigan accepts the rights and responsibilities of membership in the University's academic and social community. These rights and responsibilities are clearly laid out in [The Statement](#). By enrolling in this course you confirm that you have read and understood these statements and policies, and further that you agree to abide by them. The Ross Community Values site contains valuable information and links on writing and how to check to make sure you have not plagiarized the work of others. Claimed

ignorance of these codes and policies will be viewed as invalid should a violation take place. In all cases if you have questions please address them with the professor as far **in advance** as possible.

Any violation of the Ross School Academic Honor Code such as plagiarism, otherwise passing off anyone else's work as your own, unauthorized collaboration, use of materials generated for use during past offerings of this course, or any form of cheating will be referred to the Community Values Committee. Possible penalties include course failure with a permanent notation of an honor policy violation on your transcript and even expulsion. As a community we are all still adapting and learning how this applies to hybrid and remote learning environments, but the same principles of academic integrity apply.

Virtual Office Hours

Office hours will be held remote via Zoom. To book an appointment slot, go to "Virtual Office Hours" on Canvas. There, you will be directed to a calendar appointment page. Click only an open appointment slot with the course name on it to sign up. If no slots are available, please try a different time range. To cancel an appointment slot you've already booked, leave this sign-up page and delete the event from your own calendar." If those times do not work for you, please contact the Professor directly for a time to meet.

Accommodations

The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the University of Michigan [Services for Students with Disabilities \(SSD\)](#) office as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form online as early as possible, but no later than two weeks prior to the first test or quiz for which accommodations are requested. Accommodations arrangements are not guaranteed for students who submit their VISA form with less than two weeks' notice.

Requests must be sent using the [Ross Accommodations Request Form](#) and must include a scanned or photographed copy of the VISA form. This form only needs to be submitted once during your academic career with Ross unless your accommodations eligibility expires. In rare cases, the need for an accommodation arises after the two week deadline has passed (example: a broken wrist). In these cases, students should still contact SSD and the Ross Accommodations Coordinator. However, due to logistical constraints, we cannot guarantee that an accommodation can be made after the two week deadline has passed. Questions can be directed to the Ross Accommodations Coordinator at RossAccommodationsCoordinator@umich.edu.

Class Materials and Policy Related to their Use

All materials generated for the course including slides, handouts, review materials and assignments, or any other materials prepared by you or the professor for this course are intended for use by current students in this class only, unless you have the permission of your instructor. You are not permitted to use materials related to the class that were generated by the professor or students in previous versions of this course. A violation of this policy may be a violation of the Ross Community Values Code and may result in disciplinary action.

COURSE SCHEDULE

Session #1

The Crises of Capitalism

Wednesday, March 9

Introduction and Overview. In our first class, we will discuss the present crisis of capitalism and the motivation for the course to train students to be stewards of the market.

READINGS:

Definitions

- [Capitalism](#), Wikipedia
- [Neoliberalism](#), Wikipedia

The Question

- Henderson, R. and K. Ramanna (2015) [Do Managers have a Role to Play in Sustaining the Institutions of Capitalism](#), Brookings Institution.
- Hubbard, G. (2022) [Even my business-school students have doubts about capitalism](#),” *The Atlantic*, January 2.

The Market

- Riback, J. (2019) [Joseph Stiglitz: Saving capitalism from itself](#),” *Chris Riback’s Conversations*, June 21.
- Foroohar, R. (2016) [American capitalism’s great crisis](#),” *TIME*, May 12.
- Manyika, J., G. Pinkus and M. Tuin (2020) [Rethinking the future of American capitalism](#),” *McKinsey Global Institute*, November.
- Haidt, J. (2014) [Three stories about capitalism](#),” *The Righteous Mind*, July 20.
- Beinhocker, E. and N. Hanauer (2014) [Redefining capitalism](#),” *McKinsey Quarterly*, McKinsey & Co.
- Paulson, H. and E. Bowles (2019) [How to get Americans to love capitalism again](#),” *New York Times*, December 11.

The Natural Environment

- McKibben, B. (2012) [Global warming’s terrifying new math](#),” *Rolling Stone*, July 19.
- Wallace-Wells, D. (2017) [The uninhabitable Earth](#),” *New York Magazine*, July 9.
- Klein, N. (2011) [Capitalism vs. the climate](#),” *The Nation*, November 9.
- Stephens, B. (2013) [Does environmentalism cause amnesia](#),” *Wall Street Journal*, November 4.

The Social Environment

- Stiglitz, J. (2018) [The American economy is rigged](#),” *Scientific American*, November 1.
- Wartzman, R. (2020) [“We were shocked’: RAND study uncovers massive income shift to the top 1%”](#),” *Fast Company*, September 14.
- _____ (2019) [Inequality illusions](#),” *Economist*, November 30.
- Lindsey, B. (2017) [The conservative inequality paradox](#),” *National Review*, November 7.

Levers for Change

- Meadows, D. (1999) [Leverage Points: Places to Intervene in a System](#), Sustainability Institute.
- Polman, P. and A. Winston (2021) [The net positive manifesto](#),” *Harvard Business Review*, September/October.
- Taylor, J. (2018) [The Alternative to Ideology](#), Niskanen Center, October 29.

Learning from the Past. In order to understand where capitalism may be going, we need to have a sense of where it has been. Capitalism has been quite malleable in its evolution over the past three to five centuries. Understanding its prior forms and both why and how it changed can set a template for stewarding capitalism into its next iteration.

GUEST: [Stuart Hart](#), Grossman Distinguished Fellow, University of Vermont.

READINGS:

- Hart, S. (2021) "The three cycles of capitalist reformation," Chapter 1 in *The Next Capitalist Reformation*, Manuscript in development (in the "Files" tab on the Canvas site).
- Sachs, J. (1999) "[A brief history of global capitalism](#)," *Oxford Review of Economic Policy*, 15(4).
- Kocka, J. (2016) "[What does capitalism mean?](#)" Chapter 1 in *Capitalism: A Short History* (Princeton, NJ: Princeton University Press).
- Higgs, K. (2014) "[A brief history of consumer culture](#)," *MIT Press Reader*.

VIDEO:

- American Experience (2018) "[The gilded age: Chapter 1](#)," *Youtube*, January 30. [10:06].
- FRONTLINE (2012) "[Money, power and Wall Street: Part 1](#)," *Youtube*, August 13. [53:18].

What is Capitalism? After examining the history and evolution of capitalism, we now look deeper at some of the influential voices and ideas that are both supportive and critical of capitalism and the modern corporation.

READINGS:

Definitions

- [Capitalism](#), Wikipedia
- [Socialism](#), Wikipedia
- [Communism](#), Wikipedia

Facets of Capitalism

- Adam Smith Institute, [The Wealth of Nations](#).
- O'Rourke, P.J. (2007) "[On 'The Wealth of Nations'](#)," *New York Times*, January 7.
- Weber, M. (1909) "[The spirit of capitalism](#)," Chapter 2 in *The Protestant Ethic and the Spirit of Capitalism*
- Reier, S. (2000) "Joseph Schumpeter: [Half a century later, economist's 'creative destruction' theory is apt for the internet age](#)," *New York Times*, June 10.
- Keynes, J.M. (1930/1963) "[Economic possibilities for our grandchildren](#)," in *Essays in Persuasion* (W.W. Norton & Co.): 358-373.
- Sammon, A. (2019) "[The last of Ayn Rand's acolytes](#)," *The New Republic*, August 14.

View of the Corporation

- Galbraith, J. (1984) "[Galbraith and the theory of the corporation](#)," *Journal of Post Keynesian Economics*, 7(1): 43-60.

The Power of the Corporation and the Nature of Work

Session #6

Monday, March 28

Is Today's Capitalism Extractive or Additive? We are living through massive changes in the market today, including (1) the rules and organization of work (e.g., outsourcing workers to a different company such as a temp agencies or franchises, misclassification of employees as independent contractors, gig work and other forms of the micro-divisions of labor, unstable micro-scheduling, destruction of labor unions and promotion ladders, monopsony power as big retailers squeeze their suppliers, etc.), (2) financialization and changes in rules of credit and bankruptcy, and (3) various private equity schemes that are designed to corner other stakeholders into vulnerable positions, as in the Opco/Propco division that puts the value-added part of a company in a subordinate position to an artificially constructed monopoly landlord, from whom it has no exit.

GUEST: [Elizabeth Anderson](#), Max Shaye Professor of Public Philosophy and Arthur F. Thurnau Professor, University of Michigan.

The Power of the Corporate Sector

- Anderson, E. (2017) "[How bosses are \(literally\) like dictators](#)," *Vox*, September 3.
- Stiglitz, J. (2019) "[Progressive capitalism is not an oxymoron](#)," *New York Times*, April 19.
- Degraw, D. (2013) "[We're living in a system of new feudalism. Here's how to change it](#)," *The New Statesman*, October 13.
- Kuttner, and K. Stone (2020) "[The rise of neo-feudalism](#)," *The American Prospect*, April 8.
- Mounk, Y. (2018) "[America is not a democracy](#)," *The Atlantic*, March.

The Nature of Work

- Schumacher, E.F. (1973) "[Buddhist economics](#)," Chapter 4 in *Small is Beautiful: Economics as if People Mattered*, (Harper Perennial): 56-66.
- Kolbert, E. (2004) "[Why work? A hundred years of 'The Protestant Ethic'](#)," *The New Yorker*, November 21.
- Blaustein, G. (2020) "[Searching for consolation in Max Weber's work ethic](#)," *The New Republic*, July 2.
- Livingston, J. (2016) "[F*ck work](#)," *Aeon*.

Technology, Gig Workers and the Social Safety Net

- Anderson, E. (2016) "[Common property: How social insurance became confused with socialism](#)," *Boston Review*, July 25.
- Marshall, A. (2019) "[Why Uber thinks it can still call its drivers contractors](#)," *Wired*, September 12.
- Armstrong, K., J. Elliott and A. Tobin (2020) "[Meet the customer service reps for Disney and AirBnB who have to pay to talk to you](#)," *ProPublica*, October 2.
- Kavenna, J. (2019) "[Shoshana Zuboff: 'Surveillance capitalism is an assault on human autonomy'](#)," *The Guardian*, October 4.
- Malik, N. (2021) "[Our society is troubled. Beware those who blame it all on big tech](#)," *The Guardian*, October 26.
- Lehrer, E. (2016) "[The future of work](#)," *National Affairs*, Summer.
- Khosrowshahi, D. (2020) "[I am the C.E.O. of Uber. Gig workers deserve better](#)," *New York Times*, August 10.

**Foundations of Capitalism
and Business Education**

Session #7

Wednesday, March 30

Going to the Source. When we think of capitalism, the market and how they operate, we need to consider the root foundations of how we view it. And for that, we look to theories of economics, agency theory and their effect on both the metrics by which we evaluate economic success and the pedagogy by which we educate the next generation of business leaders.

READINGS:

Economics and Values

- Schumacher, E.F. (1973) "[The role of economics](#)," Chapter 3 in *Small is Beautiful: Economics as if People Mattered*, (Harper Perennial): 42-55.
- Krugman, P. (2009) "[How did economists get it so wrong?](#)" *New York Times Magazine*, September 2.
- Rodrik, D. (2017) "[Rescuing economics from neoliberalism](#)," *Boston Review*, November 6.
- Sawhill, I. (2019) "[It's the economists, stupid](#)," *Democracy*, Winter

Business Education

- Krishnan, V. R. (2008) "[Impact of MBA education on students' values: Two longitudinal studies](#)." *Journal of Business Ethics*, 83(2): 233-246.
- Frank, R. H., Gilovich, T., & Regan, D. T. (1993) "[Does studying economics inhibit cooperation?](#)" *Journal of Economic Perspectives*, 7(2): 159-171.
- Benjamin, J. (2018) "[Business class: The bankrupt ideology of business school](#)," *The New Republic*, May 14.
- Long, S. (2019) "[The financialization of the American elite](#)," *American Affairs*, Fall.

Metrics

- Cifuentes, A. and D. Espinoza (2016) "[Infrastructure investing and the peril of discounted cash flow](#)," *Financial Times*, November 3.
- Fox, J. (2012) "[The economics of well-being](#)," *Harvard Business Review*, January-February.
- Johnson, L. (2020) "[Capitalism rewired: Why we must rethink how performance is measured](#)," *Financial Times*, March 30.
- Leonhardt, D. (2019) "[Why you shouldn't believe those GDP numbers](#)," *New York Times*, December 15.
- Stiglitz, J., A. Sen and J. Fitoussi (2008) [Report of the Commission of the Measurement of Economic Performance and Social Progress](#), Government of France.
- Harrison, G. (2021) "[Bob Eccles and Jean Rogers on ISSB and the future of ESG reporting](#)," *Greenbiz*, November 17.

VIDEO:

- Crash Course Economics (2015) "[Economic schools of thought](#)." Session #14, November 6 [10:04].

DUE: SECOND INDIVIDUAL PAPER BY 6:00pm on Sunday, April 3.

The Center of the Debate? What is the purpose of the corporation? This is a question that has received much attention of late. As some debate shareholder and stakeholder models, others go straight to the enduring model defined by Milton Friedman and the Chicago School of Economics over 40 years ago (and both mythologized and distorted ever since). The answer to this question touches on many themes in this course, notably stakeholder and shareholder capitalism, short-termism and questions over appropriate levels of CEO compensation.

READINGS:**The Purpose of the Firm**

- Friedman, M. (1970) "[The social responsibility of the firm is to increase its profits](#)," *New York Times*, September 13.
- Denning, S. (2013) "[The origin of 'the world's dumbest idea': Milton Friedman](#)," *Forbes*, June 26.
- _____ (2006) "[Peter Drucker on marketing](#)," *Forbes*, July 3.
- Feloni, R. (2020) "[50 years after the introduction of the 'Friedman Doctrine,' It's time to create a new capitalism](#)," *JUST Capital*, September 18.
- Reich, R. (2020) "[To reverse inequality, we need to expose the myth of the 'free market'](#)," *The Guardian*, December 9.

Rethinking the Purpose of the Firm

- Business Roundtable (2019) [Statement on the Purpose of the Corporation](#),
- Schwab, K. (2020) [Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution](#), (Davos, Switzerland: World Economic Forum)
- BlackRock (2019) [Larry Fink's 2019 Letter to CEOs: Purpose & Profit](#).
- Bebchuk, L. and R. Tallarita (2020) "Was the Business Roundtable statement on corporate purpose mostly for show," Parts [1](#), [2](#) and [3](#). *Harvard Law School Forum on Corporate Governance*.
- Paumgarten, N. (2018) "[Patagonia's philosopher-king](#)," *The New Yorker*, September 12.
- Risen, C. (2021) "[Aaron Feuerstein, Mill owner who refused to leave, dies at 95](#)," *New York Times*, November 5.

Stakeholder and Shareholder Capitalism

- Ramaswamy, V. (2020) "[The 'stakeholders' versus the people](#)," *Wall Street Journal*, February 12
- Hunt, V., R. Nuttall and Y. Yamada (2021) [From Principle to Practice: Making Stakeholder Capitalism Work](#), McKinsey & Co., April.
- Ross-Sorkin, A. (2019) "[How shareholder democracy failed the people](#)," *New York Times*, August 20.

Short-Termism

- Stout, L. (2012) "[The problem of corporate purpose](#)," *Issues in Governance Studies*, Brookings Institution
- Pozen, R. (2014) [Curbing Short-Termism in Corporate America: Focus on Executive Compensation](#) (Brookings Institution).
- Olivier, I. (2021) "[American CEOs make 351 times more than the workers. In 1965 it was 15 to one](#)," *The Guardian*, August 17.

- United Nations (2018) [Short-termism impedes progress of hundreds of millions of people, United Nations report says](#)
- _____ (2016) [“Long-termism versus short-termism: Time for the pendulum to shift?”](#) *Institutional Investor*, June 13.
- Darton, D. et al. (2017) [Measuring the Economic Impact of Short-Termism](#), McKinsey Global Institute, February.

Session #9

Government and Business

Wednesday, April 6

Guardrails or Obstruction? What is the role of government in the market? What is the role of business in policy-making? To some, these questions lead to concerns for crony-capitalism. For others, they lead to concerns for government tampering with and distorting the market. But is there a third way? What is the right balance? Is industry self-regulation the answer?

READINGS:

Government Influence in the Market

- Bowman, K. (2017) [“Where is the public on government regulation?”](#) *Forbes*, October 23.
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- Chatterji, A. and M. Toffel (2018) [“The new CEO activists,”](#) *Harvard Business Review*, January-February
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- Reich, R. (2021) [“Why corporate social responsibility is BS,”](#) *The Guardian*, September 26.
- Segal, M. (2021) [“Delta Air Lines shareholders vote for transparency on climate lobbying,”](#) *ESG Today*, June 18.

DUE: COUNTRY ASSIGNMENT BY 6:00pm on Sunday, April 10.

Variants of Capitalism. Capitalism is not monolithic. Nordic capitalism is different from American capitalism is different from Chinese capitalism on multiple dimensions. In this session there are no readings. Instead, teams will present the results of their analysis of capitalism as practiced around the world, highlighting the pros and cons of each variant.

DUE: COUNTRY ASSIGNMENT PRESENTATION

The Gordian Knot? Can we have an economy in balance with nature if its central tenets are perpetual economic growth based on consumerism? A simple question to ask; a very difficult question to answer. In the end, the question may boil down to values and/or technology. Can we redefine our needs and our wants? Or, can we develop technologies so that we don't have to? Can we continue to expand our ideas of global trade, must we slow them down, or is it too late to even try?

READINGS:**Consumption**

- WBCSD (2011) [A Vision for Sustainable Consumption](#)
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VIDEOS:

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DUE: FINAL PAPER BY 6:00pm on Sunday, April 17

Session #12

Conclusion: Solutions

Monday, April 18

Where is Capitalism Headed? In this final session, we will hear your presentations on what is right with capitalism, what is wrong and where it needs to go.

DUE: FINAL PAPER PRESENTATION

Style Guide for References

Please use endnotes for all references in your papers. The form of entries should fit the following format.

Book entries follow this form: Authors' or Editors' Last Names, Initials. Year. *Title of book*. (Italic, lowercase except for the first letter of the first word and the first word after a long dash or colon). City Where Published, with abbreviation for state or province (North America) or full name of country, only if needed to identify a small city: Name of Publisher. Examples:

Granovetter, M.S. 1965. *Getting a job: A study of contracts and careers*. Chicago: University of Chicago Press.

Kahn, R. L., & Boulding, E. (Eds.). 1964. *Power and conflict in organizations*. Glencoe, IL: Free Press.

R. Harbridge (Ed.) *Employment contracts: New Zealand experiences*. Wellington, New Zealand: Victoria University Press.

National Center for Education Statistics. 1992. *Digest of education statistics*. Washington DC: National Center for Education Statistics.

Periodical entries follow this form: Authors' Last Names, Initials. Year. Title of article or paper (in lowercase letters except for the first letter of the first word and the first word after a long dash or colon). *Name of Periodical*, volume number (issue number, *if needed*—see below): page numbers. Examples:

Shrivastava, P. 1995. The role of corporations in achieving ecological sustainability. *Academy of Management Review*, 20: 936-960.

Nonaka, I. 1991. The knowledge-creating company. *Harvard Business Review*, 69(6): 96-104.

Include an issue number *only* if every issue of the referenced periodical begins with a page numbered 1. (Look at more than one issue to check.)

If an article has no author, the periodical or producing body is referenced:

BusinessWeek. 1998. The best B-schools. October 19: 86-94

Chapters in books (including annuals) follow this form: Authors' Last Names, Initials. Year. Title of chapter (in lowercase letters except for the first letter of the first word and first word after a colon). In Editors' Initials and Last Names (Eds.), *Title of book*: page numbers. City Where Published, State or Country (only if necessary to identify the city): Name of Publisher. Examples:

Dutton, J., Bartunek, J., & Gersick, C. 1996. Growing a personal, professional collaboration. In P. Frost & S. Taylor (Eds.), *Rhythms of academic life*: 239-248. Newbury Park, CA: Sage.

For *unpublished* papers, dissertations, and papers presented at meetings:

Duncan, R. G. 1971. *Multiple decision-making structures in adapting to environmental uncertainty*. Working paper no. 54-71, Northwestern University Graduate School of Management, Evanston, IL.

Smith, M. H. 1980. *A multidimensional approach to individual differences in empathy*. Unpublished doctoral dissertation, University of Texas, Austin.

For an *electronic document*, include the author's name, if known; the full title of the document; the full title of the work it is part of; the ftp, http, or other address; and the date the document was posted or accessed.