



Business 33250/33251

Spring 2024

## PERSPECTIVES ON CAPITALISM

*(developed by Robert Gertner and James Carmichael)*

### COURSE DESCRIPTION

Capitalism ties the world together. It also divides us in fractious debate. The term carries many meanings in a wide range of societies whose economic, political, and civic institutions relate in differing ways. Compare, for instance, "capitalism" as practiced in the United States, China, and Denmark today; there are many similarities, but there are also differences that can seem fundamental.

Meanwhile, critiques of capitalism are becoming increasingly prominent along the entirety of the political spectrum, sparking heated debate about inequality, community, corporate (mis)behavior, political capture, financial (in)stability, competition, consumerism, and environmental degradation. Proposals abound to rethink what capitalism should mean, and it is no longer a fringe view to question whether market-driven economic activity itself is the best route towards shared human prosperity.

The University of Chicago is part of this debate. Historically, the University is closely associated with the intellectual legacy of little-l "liberalism" and free-market capitalism as laid out by thinkers such as Friedrich Hayek and Milton Friedman. Today, however, the University of Chicago is also home to scholars of diverse and nuanced perspectives on the accomplishments *and limitations* of private markets.

The goal of this course is to take advantage of Chicago's legacy of rigorous intellectual inquiry to examine a spectrum of viewpoints about capitalism today, beginning with what that term actually *means*. The course seeks to equip Chicago Booth students with the tools and perspectives they will need to thoughtfully engage in robust, timely debates that touch on every aspect of how we conduct our lives, and to extend this awareness into their future roles as engaged citizens and corporate, nonprofit, and entrepreneurial leaders. The course strives to provide an unbiased survey of the economic, social, and intellectual history of capitalism, sparking discussion and debate about the challenges and opportunities facing capitalist societies today.

The course syllabus relies on a mix of historical readings, contemporary academic and popular work, and guest lecturers who will contextualize the "big questions" from the perspective of their own research. The class will thus follow two parallel paths. The first path is defined by the lectures, in which a group of University of Chicago faculty, representing diverse disciplines and viewpoints, will share their research and present *their* perspectives on capitalism and its future. The second path—which is the backbone of the course—is the weekly seminar: a small-group discussion built around each week's readings. The breadth of topics is large; we could easily extend each week into an entire course. That said, each seminar will dig deeply into some selection of that week's issues, grappling with questions that Chicago Booth MBAs are likely to confront in their futures as leaders of organizations.

The guest lectures will bring the entire class together to hear each visiting scholar speak. Each lecture will have a Q&A period at the end. Each seminar section will consist of 12 students (or fewer) working with a single faculty member over the course of the quarter. In seminar, the faculty leaders *won't* lecture; rather, they will facilitate discussion.

## COURSE POSITIONING

The University of Chicago plays a central and distinctive role in the intellectual "story" of this course. No one who seriously addresses any of these questions—"how is capitalism working?", "how might we improve it?"—does so without discussing Friedrich Hayek, Milton Friedman, and 'the Chicago school' of economics, which articulates a model of rational individual economic actors, efficient markets that optimize value creation, and corporations whose sole responsibility is to maximize profits for their shareholders. This set of "free market" arguments rose in influence throughout the 1970s and 1980s; it informed the centrist consensus that characterized the "Great Moderation" of the '90s and '00s. The last fifteen years, however, challenged all that. The financial crisis of 2008, political destabilization in America and Europe, growing inequality in wealthy nations, climate change, and even aspects of the global response to the COVID-19 pandemic are all—today—commonly associated with the shortcomings of what some call "late-stage capitalism": markets run amok, harming all but a privileged few.

This zeitgeist is reflected in new courses now offered at many of Booth's peer institutions. Many of these courses *begin* from the conclusion that central aspects of capitalism have failed or are, as we practice them, fundamentally flawed; they begin with the implicit assertion that the corporation and its role in society *should*—perhaps even *must*—be reimagined.

This course is less certain. It will not, to be clear, assert Friedman-esque *laissez-faire* principles of ever-efficient markets and appropriately-amoral firms. But the course will embrace key aspects of the Chicago tradition: it will lean into uncertainty and analysis. It will not shy away from Chicago's leading role in this story, nor from the thinkers who embody it. But it will also welcome—in readings, in lecture—scholars and thinkers who challenge those views. In so doing, the course will seek to present an unsentimental, evidence-based approach to questions that each individual may interpret differently: questions about market efficiency, stakeholder capitalism, corporate goals, and how to reimagine (or *not* reimagine) the political-economic consensus of market-driven democracy that has guided much of American and Western European public and private life for the last sixty years.

The course is interrogative. It is brainy, academic. It is open-ended and ambiguous...*on purpose*. We hope that any student who takes "Perspectives on Capitalism" should emerge with just that: a set of perspectives and questions. There are ways in which "capitalism", as currently practiced, does appear to be failing us — take climate change, which must at least in part be laid at capitalism's door, since capitalism organizes so much of the economic activity that has created it. However, any student who takes this course will also, we hope, emerge with a renewed regard for the value and power of markets, of free and open competition, to create human benefit and well-being. That these latter arguments may be taken as articles of faith amongst many business school students at Booth is all the more reason to *scrutinize* them; we want to translate *assumptions* into something more robust, concrete, and challenging: considered views, materially supported by evidence and the work of key theorists, that navigate a path through the ambiguities and tradeoffs that characterize many of today's pressing issues.

The course will strive to be measured and even-handed in this. We hope to provoke debate, but debate that is diligent, readings-based, data-based, and steady in its assessment of views from all sides. We hope that you'll emerge from this course knowing much more, but perhaps more confused. This is, of course, less sexy and clear than: "It's broken! We're gonna fix it! Here's how!" But that ambivalence is reflective of the identity that UChicago and Booth have earned for themselves over decades of contribution to central debates in our culture, an epistemological and pedagogical approach that is—we believe—especially beneficial to future leaders.

## COURSE REQUIREMENTS

**Take this course if you want to do a lot of readings and then talk about them.** This course is about actively engaging the readings: first on your own and then in seminar discussions. This foundation will be augmented by the guest lectures, each of which will explore a different perspective. As such, every student's engagement with the readings and guest lectures, expressed through thoughtful participation in seminar discussions, is critical to every *other* student's experience in the course. **Course requirements and grading are designed to reflect this.** (Please also note that, while recordings of the lectures will be available, **lecture attendance is a requirement for all students enrolled in in-person sections.**)

Students will be required to **write two short responses each week**: one for the readings and one for the lecture. In the final weeks of the course, groups of three to five students will prepare "**country studies**" for presentation in seminar. Finally, each student will write **a brief final essay** at the course's conclusion. Details on each of these assignments is below. Grades will be determined thus:

Participation in seminar	50%
Written reading responses (weekly)	25%
Written lecture responses (weekly)	5%
Country Study	10%
Final Essay	10%

**The Honor Code rules** for this course are, in addition to Booth's standard requirements, as follows:

- DO talk to your classmates as much as you like, but
- DO NOT share any *written* work with your classmates, and therefore
- DO NOT write about any reading you have not yourself done or lectures you have not yourself viewed (either in-person or online).
- With the exception of the country studies, you are not expected to do additional research or reading beyond that which is assigned and are, in fact, discouraged from doing so (again, with the exception of the country studies). There is a lot of reading in this course as it is, and we prefer for you to focus on assigned material.
- However, **if you *do* utilize any outside resources, be sure to cite any such use in your written response. Failure to do so is a violation of the Honor Code. This goes doubly for AI tools such as ChatGPT, the use of which, even with citation, is discouraged in this course, emphatically including for reading summaries.** AI, of course, presents engaging pedagogical and academic opportunities, but these tools are unhelpful in this course's aims. The high-level generalizations based on aggregate language that LLMs offer is exactly what this course and its assignments are not about; this course and its assignments are about detail-level *individual* responses to ideas, texts, and lectures.

### Course readings — details

Please be aware that this course **requires 6 - 8 hours of engaged reading every week, much of it of challenging material.** The course's reading list is not typical of business school; it is a multidisciplinary offering drawn from economics, sociology, and philosophy, while "management" is—as a field of study—largely ignored.

### Weekly written responses — details

Both of the required weekly written responses—to the readings, and to the guest lecture—have broad word limits: 300-600 words for the reading responses, and 100-400 words for the lecture responses. This breadth is designed to help you: at the low end, so you don't have to write too much; at the high end, so that, if you write a bit more, you don't have to edit it down to a limit. These are designed to be *thinking*, rather than writing or *editing*, challenges.

Your seminar instructor may use these written assignments as a platform for group discussion.

**For the reading responses, the goal is not for you to summarize the week's readings or answer the prompts in the syllabus or reading guide. Rather, the goal is to critically engage and draw connections between some subset of each week's readings — interrogating a theme that engages you using *specific citations* from the texts you have read, and exploring how or why this theme engages *you* personally.**

A similar point holds for the lecture response. **Do not summarize the lecture.** Rather, offer a few clear paragraphs *responding* to some specific feature of it.

### **"Country study" presentations — details**

For the country studies, small groups of three to five students will join forces to research and prepare a presentation on some specific aspect of a particular country's approach to "capitalism". Once again, specificity is important: there isn't time—either in your research, or in the seminars—to offer a useful overview of any nation's economy. Rather, the most successful "country studies" will focus on *specific, distinctive aspects* of a given nation's political economy, and connect these specifics to the topics we've addressed throughout the course.

Your seminar instructor may choose to add some time to one session—probably in week 8—in order to accommodate these country studies. If they do, they consult with your section about this possibility.

Each team will receive a single collective grade for the country studies. All standard Honor Code rules apply, including a requirement to cite all outside sources.

### **Final essay — details**

Students will write a short essay of approximately 1000 words that summarizes their views with respect to one or more major themes in the course. **As with all of the course's other individual writing assignments, the point here is *not* to offer a canned academic summary of any topic. The point *is*, rather, to offer your informed but *personal* contact with that topic** — including questions and challenges that you may not yet have resolved. In the past, students have taken this opportunity to share how their background and personal experiences shaped their opinions and values, and how the course's readings, lectures, and discussions challenged or reaffirmed their own preëxisting views.

There are many ways to approach this assignment. One potential model that you might explore is the “This I Believe” essays, which originated with Edward R. Murrow in the 1950s and were revitalized by NPR from 2006-2009. You can explore the series [here](#) and a broader collection of essays [here](#).

## **FACULTY**

### **Course leader**

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## COURSE LOGISTICS

### ADMINISTRATIVE STRUCTURE

This is a 100-unit course. However, for administrative reasons it is structured as two separate courses. The guest lectures portion is 33250-01, is a 0-unit course, and will be “taught” by Robert Gertner. The seminars are 33251-XX, are 100-unit courses and will be taught by the seminar faculty listed above. **Students must take both 33250 and 33251.** Grading will be done by the seminar faculty, based on the criteria above.

**There is an application for the course.** The applications play two roles: first, to determine the number of sections and their timing; second, to allocate students to sections. The applications will only ask about section preferences and time to graduation – there are no substantive questions or essays. If there is excess demand for the course, priority will be given to students who are scheduled to graduate.

More information about logistics and applications will be available in early February and can be accessed from the course description on the intranet. Applications close on February 9 at 5:00pm. Students will be notified whether or not they are in the course and their assigned seminar section before Spring Quarter bidding opens on February 13. **Please note that seminars are capped at 12 and, as such, switching sections may not be possible once you have been assigned to one.**

### READING GUIDE

In addition to the discussion topics provided for each week in the syllabus below, this course uses a separate document—a “Reading Guide”—to contextualize each reading and, in most cases, guide you to the specific excerpts you are expected to read.

**You will need to make continual use of the Reading Guide, since it serves as both the logistical and substantive guide to the course's many readings.** It will provide context for and prompt questions about the readings; it will draw connections between various readings' points of agreement and disagreement; it

will serve as a reminder when readings from *prior* weeks come up again. Finally, the Reading Guide serves the crucial logistical purpose of guiding you to the excerpts you will need to read. Practically every reading in the course is excerpted; we're not expecting you to read entire books or even, in most cases, entire academic papers. The Reading Guide is your source for all that information.

## SURVEYS

Prior to the first class, students will complete a survey eliciting their views on capitalism. We will discuss the results in the first seminar session. Students will complete the survey again at the end of the course to see whether and how views may have changed.

## PURCHASING BOOKS

The one book you should purchase is *The Company*, by John Micklethwait and Adrian Wooldridge. It will not be available at the bookstore so please order it on your own. All other readings will be available through the Canvas site.

## WEEKLY SCHEDULE

WEEK 1 \_\_\_\_\_ MARCH 18 – MARCH 24

**Guest lecture (March 20): Kevin Murphy, George J. Stigler Distinguished Service Professor of Economics Emeritus, Chicago Booth and Kenneth C. Griffin Department of Economics**

**Discussion topics: What *is* "capitalism"? What differences exist between various ostensibly capitalist systems?**

- What are the defining characteristics of "capitalism"?
- How does the history that led to (what we now refer to as) "capitalism" inform our understanding of that term's definition?
- What is "socialism"? How does it differ from capitalism? What do we mean, conversely, when we say that a capitalist society is more or less "socialist"?
- What are some significant economic and social differences between modern capitalist societies?

## READINGS

### Historical precursors and context for modern capitalism's development

"[China and Europe, 1500–2000 and Beyond: What Is "Modern?"](#)," AFE Online Course

"[Capitalism in Medieval Islam](#)," Labib, *Journal of Economic History* (1969)

"[The persistence of technological creativity and the Great Enrichment: Reflections on the 'Rise of Europe'](#)" Mokyr, blog post (2017)

*The Company: A Short History of a Revolutionary Idea*, Micklethwait & Wooldridge (2003)

*The Classical Economists Revisited*, O'Brien (1975)

### Towards a working definition of "capitalism"

*The Wealth of Nations*, Smith (1776)

*The Principles of Political Economy and Taxation*, Ricardo (1817)

*Capitalism, Alone*, Milanovic (2021)

### ...versus "socialism"

*The Communist Manifesto*, Engels & Marx (1848)

*Chapters on Socialism*, Mill (1879)

**Capitalisms – contemporary variation**

"[The Legatum Prosperity Index: Fifteenth Edition](#)," Legatum Institute (2021)

**WEEK 2 \_\_\_\_\_ MARCH 25 – APRIL 31**

**Guest lecture (March 27): Kimberly Kay Hoang, Professor of Sociology and the College, Director of Global Studies**

**Discussion topics: What does capitalism do well? What does it do poorly?**

- What are the benefits of capitalism? What are its drawbacks? To what extent are its benefits and drawbacks linked?
- How much should we blame capitalism *itself* for the ills of a "capitalist" economy? To what extent does an open and market-based system—rather than greed, power-seeking, and other fundamental features of human behavior—lead to negative aspects that are associated with "capitalism"?
- We can ask the same question to challenge capitalism's *strengths*: to what extent are open and market-based systems—rather than innovation, curiosity, and other fundamental features of human behavior—responsible for the improvements in well-being that we observe in capitalist economies?
- How does capitalism interact with globalization?
- What is the distinction between short-run allocative efficiency and innovation that *disrupts* these allocations? How do these forces interact within capitalism?
- What is the relationship between capitalism and freedom? Why are these concepts often associated? Is the association, in your view, robust?

**READINGS****Efficiency, *but* inequality**

"The Use of Knowledge in Society", Hayek, *The American Economic Review* (1945)

*Equality and Efficiency: The Big Tradeoff*, Okun (1975)

"[The Free Food Market](#)," *Planet Money*, with Canice Prendergast, episode 665 (2017)

"[The 1991 Project: the quest for economic freedom in India](#)", Rajagopalan, Mercatus Center, George Mason University

**Globalization, *but* exploitation**

*The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger*, Levinson, second edition (2016)

*A Brief History of Equality*, Piketty (2021)

*Made in China: A Prisoner, an SOS Letter, and the Hidden Costs of America's Cheap Goods*, Pang (2021)

**Growth and innovation, *but* precarity**

*The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations*, Aghion, Antonin, & Bunel (2021)

remarks on innovation, Kevin Murphy, lecture for "Perspectives on Capitalism" (2023)

"[A Defense of the Neoliberal Order with Glenn Hubbard](#)", *Capitalism*'t (S2E47; 2022)

**Individual freedom, *but* loss of collective and non-market values**

*Capitalism and Freedom*, Friedman (1962)

remarks on GDP, Robert Fitzgerald Kennedy, [speech at The University of Kansas](#) (1968)

**WEEK 3 \_\_\_\_\_ APRIL 1 – APRIL 7**

**Guest lecture (April 3): Luigi Zingales, Robert C. McCormack Distinguished Service Professor of Entrepreneurship and Finance, Chicago Booth**

**Discussion topics: The modern corporation – history, structure, and purpose**

- What are the essential components of the modern corporation?
- Why was the invention of the modern corporation so important for the growth of capitalism?
- What legal institutions characterize modern corporate governance? Why are they important?
- What roles have been envisaged for the corporation in modern capitalist economies? What are the arguments for and against different visions of corporate "purpose"?
- What role can workers and customers play in shaping this purpose? What role *should* they play?
- How do social norms share corporate activities? How important are these mechanisms?
- When should companies take, or not take, political positions? How should these questions – when to take a position, and what position to take – be determined?

**READINGS****The rise of the modern corporation**

"Why Companies Are Now Necessary", *The Economist* (1856)  
[Utopia, Limited; or The Flowers of Progress](#), Gilbert & Sullivan (1893)  
*The Company: A Short History of a Revolutionary Idea*, Micklethwait & Wooldridge (2003)

**The purpose of the corporation**

"[The Social Responsibility of Business is to Increase its Profits](#)", Friedman, *New York Times* (1970)  
 "Bill Gates and Warren Buffet Discuss 'Creative Capitalism'," in *Creative Capitalism: A Conversation with Bill Gates, Warren Buffet, and Other Economic Leaders*, Kinsley, editor, with Clarke (2008)  
[A Fundamental Reshaping of Finance](#)", Larry Fink's annual letter to CEOs (2020)  
[The Power of Capitalism](#)", Larry Fink's annual letter to CEOs (2022)

**Re-"purposing" the firm: the influence of social norms**

"[Analects and Abacus](#)" *The Economist* (2021)  
*The Company: A Short History of a Revolutionary Idea*, Micklethwait & Wooldridge (2003)  
[How And Why Disney Decided To Publicly Oppose 'Don't Say Gay' Legislation](#)", Segal, *Forbes* (2022)  
[The Great Google Revolt](#)", Scheiber & Conger, *The New York Times* (2020)  
[On the board, 'twokenism' is the new tokenism](#)", Milkman, Chugh, Akinola & Chang, *The Washington Post's "wonkblog"* (2018)



**WEEK 4** \_\_\_\_\_ **APRIL 8 – APRIL 14****Guest lecture (April 10): Raghuram Rajan, Katherine Dusak Miller Distinguished Service Professor of Finance, Chicago Booth****Discussion topics: Approaches to corporate ownership, governance, and purpose**

- In the case of traditional shareholder ownership, how important is the distinction between the corporation's obligation to maximize shareholder *financial* value versus shareholder *general* value, i.e., in the latter case, to include shareholders' *non*-financial preference in corporate decision-making? How is this distinction reflected in current institutions?
- How does ownership lead to control in the corporation? How viable are governance efforts that seek to give *non*- or *partial* owners of a corporation significant control?
- How can the objectives of stakeholders other than shareholders be incorporated in governance structures?
- *Should* the objectives of stakeholders other than shareholders be incorporated in governance structures? Should such inclusion be mandatory (i.e., required by the state)?
- What different forms of organizations exist to address different versions of the purpose of the corporation? What tradeoffs are evident in the varied forms?
- To what extent can the goals of other forms of the corporation—ESOPs, cooperatives, benefit corporations, *et cetera*—be met by the traditional for-profit limited liability corporation.
- Should society favor some corporate forms over others?

**READINGS****Re-"purposing" the firm: shareholder democracy**

- "Shareholders Don't Always Want to Maximize Shareholder Value", Hart, ProMarket blogpost (2020)  
 "[Occidental Told to Put Activist Investor's Climate Proposal Up for a Vote](#)", *Bloomberg* (2022)  
 "[Climate change has made ESG a force in investing](#)", *The Economist* (2019)  
 "[Sustainable investing faces the beginnings of a backlash](#)", *The Economist* (2021)  
 "[The little Engine that could](#)", *The Economist* (2021)  
 "[The Smoke and Mirrors of ESG Investing](#)", *Capitalisn't* episode with Tariq Fancy (2021)

**Re-"purposing" the firm: stakeholder and alternate governance**

- "What Does Codetermination Do?" Jager, Noy, & Schoefer, *ILR Review* (2022)  
 "Who Controls OpenAI?", Matt Levine, *Bloomberg* (2023)

**Re-"purposing" the firm: non C-corp forms of ownership and organization**

- "The Organization of Social Enterprises", Gertner, *Annual Review of Economics* (2023)  
 "[Certified B-corporation](#)" website: [reporting requirements](#), especially "[Benefit report](#)" (Patagonia)  
 "[Inside the Revolution at Etsy](#)", Gelles, *The New York Times* (2017)  
 "[For Owners Looking to Sell, an Option That Keeps Their Company Intact](#)," Sullivan, *New York Times* (2020)  
 "[Blue-collar capitalists](#)," *The Economist* (2019)  
 "[Co-ops in Spain's Basque Region Soften Capitalism's Rough Edges](#)," Goodman, *New York Times* (2020)

**WEEK 5 \_\_\_\_\_ APRIL 15 – APRIL 21**

**Guest lecture (April 17): Jonathan Levy, James Westfall Thompson Professor of US History, Fundamentals, Social Thought, and the College, University of Chicago History Department**

**Discussion topics: Market “failures” and how to resolve them**

- What are the most important failures/imperfections inherent to free market capitalism?
- How can we distinguish these "inherent" problems from institutional or individual flaws; *i.e.*, from problems in the *execution* or composition of markets in a given context?
- What role is there for private agreements, as opposed to state-based solutions, to address market failures?
- What are the state’s key weaknesses in addressing market failures? How intractable are these weaknesses? How does this impact your view of the “proper” role of the state?
- Are business cycles, financial crises and bubbles inherent problems to market capitalism? How can the state work to avoid or at least mitigate them?

**READINGS****Prisoners, stags, and commons — the problem(s) of markets and collective action**

*Governing the Commons*, Ostrom (1990)

"[The Stag Hunt](#)," Harford, *Slate* (2007)

**Private and / or / versus public solutions**

*Governing the Commons*, Ostrom (1990)

"[The Problem of Social Cost](#)", Coase, *The Journal of Law & Economics* (1960)

*Reimagining Capitalism in a World on Fire*, Henderson (2020)

**Externalities**

"[Exxon’s Own Research Confirmed Fossil Fuels’ Role in Global Warming Decades Ago](#)", Banerjee, Song & Hasemyer, *Inside Climate News* (2015)

"[What Exxon knew about the Earth's melting Arctic](#)", Jerving, Jennings, Hirsch, & Rust, *Los Angeles Times* (Oct 9 2015)

"[Carbon Taxes vs. Cap and Trade: Theory and Practice](#)", Stavins, Harvard Project on Climate Agreements, discussion paper (2019)

"[Why We Don’t Have a Carbon Tax](#)", Krugman, *New York Times* newsletter (2022)

**Cycles, crises, and bubbles**

"[Lineages of Crisis Economics from the 1930s: Keynes, Hayek, and Schumpeter](#)", Foley, *Eastern Economic Journal* (2010)

*The Company: A Short History of a Revolutionary Idea*, Micklethwait & Wooldridge (2003)

"[The Real Cost of the 2008 Financial Crisis](#)", Cassidy, *The New Yorker* (2018)

**WEEK 6** \_\_\_\_\_ **APRIL 22 – APRIL 28****Guest lecture (April 24): Michael Greenstone, Milton Friedman Distinguished Professor in Economics, the College, and the Harris School****Discussion topics: State interaction with markets and firms**

- What limits the state's ability to regulate corporate activities effectively and efficiently?
- How important a problem is corporate capture of regulatory agencies? What can be done to limit it?
- What is the appropriate scope of state antitrust interventions into business activity?
- What role should the state play in scientific discovery, innovation and industrial policy? What are the best arguments for the state to play any such role? How compelling are those arguments?
- How important are differences across countries in labor market regulation for economic outcomes?

**READINGS****The capacity of the (regulatory) state**

- "[States and economic growth: Capacity and constraints](#)", Johnson & Koyama, *Explorations in Economic History* (2016)
- "[The Regulation of Lead Exposure: A Medium-Specific Success Story](#)", McHenry, *Natural Resources and Environment* (2006)
- "[There Has to Be a Better Way to Run the Government](#)", Klein, *The New York Times* (2022)

**State capture**

- "[The Theory of Economic Regulation](#)," Stigler, *Bell Journal of Economics and Management Science* (1971)
- Deaths of Despair and the Future of Capitalism*, Case & Deaton (2017)
- "[From Revolving Doors To Regulatory Capture? Evidence From Patent Examiners](#)," Tabakovic & Wollmann, NBER working paper (2018)

**Industry concentration, antitrust, and regulation: whether, when, and how**

- "[Moonshooters](#)", *Money Talks* podcast episode (2022)
- "[Why the FTC Should Focus on Labor Monopsony](#)," Posner, *Promarket* (2018)

**State-led innovation**

- "[A Toolkit of Policies to Promote Innovation](#)," Bloom, Van Reenan, & Williams, *Journal of Economic Perspectives* (2019)
- "[New Science's Report on the NIH](#)", *New Science*, Faherty (2022)
- "[Xi Jinping's grip on Chinese enterprise gets uncomfortably tight](#)", *The Economist* (2023)

**Industrial policy**

- "[Green industrial policy](#)," Rodrik, *Oxford Review of Economic Policy* (2014)
- "[Space, the Final Economic Frontier](#)," Weinzierl, *Journal of Economic Perspectives* (2018)

**Labor market regulation**

- OECD Employment Outlook 2020 : Worker Security and the COVID-19 Crisis*, Chapter 3: "[Recent trends in employment protection legislation](#)," OECD publication (2021)
- "[Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania](#)," Card & Krueger, *American Economic Review* (1994)

**WEEK 7** **APRIL 29 - MAY 5**

**Guest lecture (May 1): Marianne Bertrand, Chris P. Dyalynas Distinguished Service Professor of Economics, Chicago Booth**

**Discussion topics: inequality**

- What do you take away from the readings on the extent of economic inequality in the United States and across the world?
- Do current trends in inequality represent a fundamental challenge to capitalism? If so, why?
- Considering this and other week's readings: what role is there for the state to ensure fairness, equality, and other non-efficiency objectives?
- Gender, race, and other protected aspects of a person's identity are linked to inequality of outcomes and opportunity. How does this affect the appropriate government response to inequality? How does this affect the appropriate corporate response to inequality?
- What policies to reduce inequality do you find most compelling and feasible? Which do you find *least* promising (or acceptable), and why?

**READINGS****"Equality" of what, exactly? Outcomes, opportunities, fairness, rights, and value(s)**

*Justice as Fairness: A Restatement*, Rawls (2001)

["The Cost of Meritocracy,"](#) – *Capitalism's* podcast with Michael Sandel (2021)

"Why Does Inequality Matter?" Scanlon, in *Combating Inequality: Rethinking Government's Role*, Blanchard and Rodrik, editors (2021)

**Does inequality do harm *per se*? If so, how?**

["Can disparities be deadly?"](#) Underwood, *Science* (2014)

**Are socially-damaging inequality and precarity inevitable under capitalism?**

*Capital in the 21st-Century*, Piketty (2013)

**How unequal are we today? — globally**

["World Inequality Report 2022,"](#) World Inequality Lab, lead author: Chancel (2021)

**How unequal are we today? — The United States and China**

["The Fading American Dream: Trends in Absolute Income Mobility Since 1940,"](#) Chetty, Grusky, Hell, Hendren, Manduca & Narang, *Science* (2016)

["Xi Jinping's talk of 'common prosperity' spooks the prosperous,"](#) *The Economist* (2021)

**What can be done about inequality? — taxation and transfer**

["Inequality in America: Taxes and the Ultra-Rich,"](#) video of debate with Saez & Kaplan, moderated by Luigi Zingales, Chicago Booth Stigler Center (2020)

["Universal Basic Income in the US and Advanced Countries,"](#) Hoynes & Rothstein, *Annual Review of Economics* (2019)

**What can be done about inequality? — education and (re-)training**

*What We Owe Each Other*, Shafik (2021)

Daron Acemoglu's [written testimony](#) for the House Select Committee on Economic Disparity and Fairness in Growth's Hearing on Automation and Economic Disparity (2021)

**What can be done about inequality? — labor markets**

*Career and Family*, Goldin (2021)

["Unions And Inequality Over The Twentieth Century: New Evidence From Survey Data,"](#) Farber et al, *Quarterly Journal of Economics* (2021)

**What can be done about inequality? — trade and borders**

*The Bottom Billion*, Collier (2007)

["A Primer On Trade And Inequality,"](#) Rodrik, NBER working paper (2021)

**WEEK 8** \_\_\_\_\_ **MAY 6 – MAY 12****Guest lecture (May 8): Agnes Callard, Associate Professor in Philosophy, University of Chicago  
Department of Philosophy****Student deliverable: Country Studies**

Small groups of students will prepare a focused report on a particular economic institution or market mechanism of a particular country. Final details of the assignment will be shared by individual seminar instructors.

**Discussion topics: Rationality, meaning, and human flourishing**

- Do you think the availability of jobs or careers that people find meaningful and satisfying has changed in the last few decades? Does your answer differ for individuals with different levels of education?
- What role does meaning play in your *own* career choices? How do you define “meaning” in this context anyway? What is your perception of your peers’ views on these questions?
- How does empirical evidence for cognitive biases and limits to individual rationality impact arguments in favor of free market capitalism?
- How do different actors in capitalist societies—corporations, the state, and civil society—influence preferences? Why does it matter?
- Many of our choices are driven by how we anticipate others will view them. How does this impact values and consumption decisions in the United States? How might this differ, or not, in other societies?
- Has capitalism eroded or strengthened our sense of “community”? Or – as we always ask – has it done both? How has capitalism impacted this much-discussed concept?
- If you feel that modern capitalism *does* damage our sense of community – by compromising shared values, for example, or by reducing trust – are there changes to capitalism that could mitigate these effects?

**READINGS****"De gustibus est disputandum" — bias, rationality, and choice**

"[Behavioral Welfare Economics](#)," Sunstein, *Journal of Benefit-Cost Analysis* (2020)

"[Social Norms and Economic Theory](#)," Elster, *Journal of Economic Perspectives* (1989)

**"De gustibus est disputandum" — capitalism and social mores of consumption**

[The Theory of the Leisure Class](#), Veblen, (1899)

[Middletown: A Study of Contemporary American Culture](#), Lynd & Lynd (1929).

"[The Dependence Effect](#)" from *The Affluent Society*, Galbraith (1952)

"The Seacoast of Despair" from *Slouching Towards Bethlehem*, Didion (1967)

**Individual flourishing — meaning and purpose in work**

*The Company: A Short History of a Revolutionary Idea*, Micklethwait & Wooldridge (2003)

*Economic and Philosophic Manuscripts of 1844*, Marx (1844)

**Human flourishing — collectivism, community, and trust**

*Janesville: an American Story*, Goldstein (2017)

**WEEK 9** \_\_\_\_\_ **MAY 15 – MAY 20**

**Guest lecture (May 16): David Brooks, New York Times columnist, The Atlantic contributing writer, author, University of Chicago trustee**

**Student survey, round two**

As they did at the start of the course, students will take a survey on their attitudes towards capitalism and the issues we have read about and discussed throughout the quarter. In section, we will discuss the results and any changes from the first survey, taken before the course began.

**Discussion topics: The values debate – how economic, social and individual life define and are defined by capitalism**

- How well do economic measurements – market prices for value; GDP for societal well-being; et cetera – reflect societal performance? What do they miss? How tight is the link between material prosperity and human flourishing? Where does it break down?
- How does the centrality of economic measurements – market prices for value; GDP for societal well-being; et cetera – influence what we value and how we behave?
- What “good” non-economic values are empowered by markets and economic well-being? What “bad” non-economic values are abetted by markets?
- What mechanisms in capitalist societies can promote markets’ ability to amplify values that a society want to promote (“good” values) and limit markets’ tendency to indulge or encourage values that a society want to avoid (“bad” values)?
- How can we usefully frame and measure the tradeoff between totally “free” markets and markets that are less free but more reflective of values that, broadly, society supports?
- A great deal of harm is caused by actors in capitalist societies seeking financial returns, sometimes legally and sometimes illegally. Examples include opioid addiction, the 2008 mortgage crisis, and environmental degradation. What can society do to minimize these harms? What different solutions may be required to deal with legal, but harmful, actions within markets?

**READINGS****Measuring...what? Equating economic output with well-being**

["GDP & What Counts,"](#) *Planet Money* episode (2022)

*Career and Family*, Goldin (2021)

**Market value(s) — limits on, and the limitations of**

*What Money Can't Buy: The Moral Limits of Markets*, Sandel (2012)

["Can We Have Prosperity without Growth?"](#) Cassidy, *New Yorker* (2020)

[The Theory of Moral Sentiments](#), Smith (1759)

["Repugnance as a Constraint on Markets,"](#) Roth, *Journal of Economic Perspectives* (2007)

[Move Fast and Vape Things](#), short documentary by Pappas, Kaplan, and Kreswel, *The New York Times* (2021)

["The Larger Meaning of China's Crackdown on School Tutoring,"](#) Yi-Ling Liu, *The New Yorker* (2022)