**MODERN POLITICAL ECONOMY**

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| **Course ECMG-B8581**  **Fall 2021**  **Monday, Wednesday**  **10:20-11:50AM ET** |  | Glenn Hubbard (Uris 607)  Tano Santos (Uris 815)  Office Hours: By Appointment |

**COURSE DESCRIPTION**

*Modern Political Economy* is a course about the philosophical, theoretical, and policy underpinnings of relationships among firms, markets, and the state. It is designed to pose and discuss ‘big ideas’ and ‘big questions’ — some old and some new — that shape the context of business leaders’ roles and decisions. Tensions between workers and firms, firms and markets, and markets and regulation are the stuff of modern political economy.

The class is about ‘political economy,’ as it applies the ideas of great thinkers, ideas that have shaped economic inquiry, public policy, and the fortunes of citizens, interest groups, and nations. It is about the interaction of economics, politics, and society. The class title carries the word ‘modern,’ as it seeks to apply historical ideas and philosophical currents to contemporary issues and problems with which business and political leaders must grapple. The economic and social implications of the COVID-19 pandemic and major shifts in politics around the world certainly add to these issues and problems in important ways.

As structured, the class weaves together themes you will have encountered in economics and finance, strategy and leadership, and production and control. Your instructors come to the class with a mix of backgrounds, but are united in the concept that understanding the topics discussed in the course is important for business leaders.

The syllabus contains readings and topics for discussion each class meeting. While we will lecture, comment, and lead discussions most class days, you should be prepared to weigh in. Indeed, our discussion with you allows topics to come together to address contemporary business and public policy opportunities and challenges. We have organized the topics approximately linearly through time, but each lecture and discussion will bring concepts ‘to the moment’ of today’s business concerns. We also will have guest speakers on occasion to address particular applications of the course to modern business leadership.

On five occasions during the term, we will lead some group discussions. Those discussions center on such questions as: Is capitalism failing? What can the past great thinkers tell us about our economic past, present, and future? How should we approach collective action challenges? How do we explain populism’s center stage presence today? What are implications of the rise of China for our themes? The riseof big technology firms? What is the role of business in action against major social challenges like climate change or the pandemic? What is the purpose of business?

Your grade will have three components: one fourth for your class participation, one fourth for the mid-term examination, and one half for the final paper. That paper should address an aspect or implication of a topic during the course. You should seek approval for your chosen topic from at least one of us by midterm.

**Who Should Take the Course?** Students interested in applying economic ideas to the intersection of business, politics, and society, with an emphasis on implications for contemporary business leaders.

**Required Materials:** Spelled out in the Syllabus; with required readings posted on Canvas.

**Learning Objectives:** Understand economic ideas as foundations of capitalism and the business enterprise. Identify periods of change accompanying shifting economic ideas, with implications for business. Apply course themes to contemporary challenges in business’ role in society.

**Connections with the Core Curriculum:** The course draws on material from three core courses: Global Economic Environment (on fiscal and monetary policy), Corporate Finance (on financial markets and market efficiency), and Lead: People, Teams, Organizations (on the nature of leadership).

**Data Websites**

*Economics*

FRED - Federal Reserve Bank of St. Louis

*Social and economics*

*Our world in data*

*Interesting data sets*

*The Armed Conflict Location and Event Data Project (ACLED)*

**SYLLABUS AND READINGS**

**1A. September 8: Introduction and Framing of the Course: Underpinnings of the Current Debates in Business and Society**

* *How can different theorists inform our understanding of the current and future relationships among the market and the state? How are their views and policy ideas accompanying them shaped by disruptions at the time? Why is this understanding important for today’s business students and tomorrow’s business leaders?*
  + *Required Reading: Glenn Hubbard, “The Wall and the Bridge,” National Affairs, Fall 2020.*

**1B. Adam Smith’s Capitalist Alternative to Mercantilism**

• *The market, the invisible hand, and the wealth of nations: Incentives and the market*

• *Specialization and productivity: from specialization and trade to the ‘wealth of nations’*

• *Not all laissez-faire: Smith’s views on state intervention and constraints on capitalism*

• *How do Smith’s views on specialization and gains from trade shape today’s debates on openness? Who are today’s mercantilists? Smith and big business rent-seeking during the pandemic?*

• *Required Reading: Adam Smith, The Wealth of* [*Na*](https://www.ft.com/content/6795a1a0-7476-11e8-b6ad-3823e4384287)*tions, Book 1, Ch. 1; Book 4, Ch. 2; Book 5, Ch. 1.; Jesse Norman,* [*“How Adam Smith Would Fix Capitalism,”*](https://www.ft.com/content/6795a1a0-7476-11e8-b6ad-3823e4384287) *Financial Times, June 22, 2018.* [*“Profit and the Public Good,”*](https://www.economist.com/special-report/2005/01/22/profit-and-the-public-good) *The Economist, January 22, 2005.*

• *Optional Reading: Robert L. Heilbroner, The Worldly* [*Philosophers,*](https://www.ft.com/content/6795a1a0-7476-11e8-b6ad-3823e4384287) *7th ed., Simon and Schuster, 1999, Chs. 1-3.*

• *Videos:* [*Investopedia: Adam Smith*](https://www.youtube.com/watch?v=1u771-5fVCc)*;* [*One Minute Economics*](https://www.youtube.com/watch?v=vgK7LsWmWxI)*;* [*Smith Political Theory*](https://www.youtube.com/watch?v=ejJRhn53X2M)

1. **September 10: Smith Continued and David Ricardo’s and Thomas Malthus’ Baleful Alternative to Smith’s Expansive View of the Economic System**

* *Demography, economics, and society*
* *What did the pessimists’ case miss? Is COVID-19 yet another ‘plague’ example?*
* *Required Reading: Robert L. Heilbroner, the Worldly Philosophers, 7th ed., Simon and Schuster, 1999, Ch. 4.; Robert Dorfman, “Thomas Robert Malthus and David Ricardo,” Journal of Economic Perspectives, Summer 1989, pp. 153-164.*
* *Optional Reading: Gregory Clark, Farewell to Alms, Princeton University Press, 2007, Chs. 2, 10. The Economist, “*[Revisiting Ricardo](https://www.economist.com/finance-and-economics/2014/08/23/revisiting-ricardo)*,” August 2014. The Economist, “*[Malthus, the False](https://www.economist.com/finance-and-economics/2008/05/15/malthus-the-false-prophet)[Profit](https://www.economist.com/finance-and-economics/2008/05/15/malthus-the-false-prophet)*,” May 2008.*
  + *Video:* [*Ricardo One-Minute Economics*](https://www.youtube.com/watch?v=s-38SNG6xnc)*;* [*Gregory Clark: Ted Talk – Social Mobility*](https://www.youtube.com/watch?v=0c2Ugb4VKH8)*.*

1. **September 13: Marx’s Socialist Alternative to Capitalism: Are Income and Wealth Inequality Corrosive for Our Economic System and Mass Flourishing?**

* *Discussion: Karl Marx and the modern state; what Marx got right and what he got wrong; inequality in the aftermath of the COVID-19 pandemic*
* *Required Reading: Karl Marx, The Communist Manifesto; Capital, Vol. 1, Ch. 25.;* [*“Rulers of the World: Read Karl Marx,”*](https://www.economist.com/books-and-arts/2018/05/03/rulers-of-the-world-read-karl-marx) *The Economist, May 3, 2018.*
  + *Optional Reading: Robert L. Heilbroner, The Worldly Philosophers, 7th ed., Simon and Schuster, 1999, Ch. 6; Glenn Hubbard, “Taking Capital’s Gains: Capital’s Ideas and Tax Policy in the Twenty-First Century,” National Tax Journal, June 2015; Louis Menand, “Karl Marx, Yesterday and Today,” October 3, 2016, The New Yorker; Thomas Piketty, Capital in the 21st Century (Harvard University Press, 2014), Introduction; Thomas Sowell, “Marx's Capital after One Hundred Years,” The Canadian**Journal of Economics and Political Science / Revue Canadienne D'Economique Et De Science Politique, vol. 33, no. 1, 1967.*
  + *Video:* [*Marx: Political Theory*](https://www.youtube.com/watch?v=fSQgCy_iIcc)*;* [*Economist – Was Marx Right?*](https://www.youtube.com/watch?v=TMmDebW_OBI)

1. **September 15: Schumpeter: The Complex Interaction of Democracy, Socialism, and Capitalism** 
   * *Discussion: The role of the entrepreneur in economic fluctuations and economic growth; the future of capitalism*
   * *Required Reading: The Theory of Economic Development, 1912, Ch. 4; Capitalism, Socialism, and Democracy, 1942, Chs. 5 and 7; Oren Cass, The Once and Future Worker, Encounter, 2018, Chapters 1 and 2; and Deirdre McCloskey, Why Liberalism Works, Yale University Press, 2019, Chapters 36-39.*
   * *Optional Reading: Robert L. Heilbroner, The Worldly Philosophers, 7th ed., Simon & Schuster, 1999, Ch. 10.*
2. **September 20: John Maynard Keynes’ Response to the Great Depression**
   * *Discussion: Marx in relation to Keynes: The mass of the unemployed: increasing the share of profits or depressing demand? Businesses’ loss of confidence in the more recent global financial crisis and grading government’s efforts to boost aggregate demand. How did Keynes’ ideas shape the international financial system?*
   * *Required Reading: John Maynard Keynes, The General Theory of Employment, Interest, and Money, Chs. 12, 24.*
   * *Optional Reading: Barry Eichengreen, Golden Fetters, Oxford University Press, 1992, Ch. 2; Robert L. Heilbroner, The Worldly Philosophers, 7th ed., Simon and Schuster, 1999, Ch. 9;* [*“What Would Keynes Do?,” The Economist, April 23, 2020.*](https://www.economist.com/briefing/2020/04/23/the-pandemic-will-leave-the-rich-world-deep-in-debt-and-force-some-hard-choices)
   * *Videos:* [*Keynes in One Minute*](https://www.youtube.com/watch?v=omrKen0u478)*;* [*Keynes vs. Hayek Rap Battle*](https://www.youtube.com/watch?v=d0nERTFo-Sk)
3. **September 22: Friedrich Hayek, Milton Friedman, and Neoliberal Alternatives to Planning**
   * *Discussion: He didn’t ‘have a plan for that’: Friedrich Hayek and the limits of knowledge.*
   * *Markets would deliver more efficient outcomes: Milton Friedman’s economic journey.*
   * *An intellectual excursion: Linear programming, economic models, and the dream of planning.*
   * *Required Reading: Milton Friedman, Capitalism and Freedom, Chs. 1-3; Friedrich Hayek, Knowledge in Society; Road to Serfdom, Ch. 2-4.;* [*“A Heavyweight Champ, at Five Foot Two,”*](https://www.economist.com/special-report/2006/11/23/a-heavyweight-champ-at-five-foot-two) *The Economist, November 23, 2006.*
   * *Optional Reading: Amartya Sen, Development As Freedom, Introduction*.
   * *Video:* [*Political Theory*](https://www.youtube.com/watch?v=SHsCkinrCPE)*; Essential Hayek,* [*One-Minute Economics*](https://www.youtube.com/watch?v=9fBFVquMLuw)*;* [*Pencil and the Power of the Market*](https://www.youtube.com/watch?v=R5Gppi-O3a8)*; Friedman*[*: Your Greed or Their Greed?*](https://www.youtube.com/watch?v=RWsx1X8PV_A)*;* [*Crash Course Economics (Hayek / Friedman section).*](https://www.youtube.com/watch?v=tZvjh1dxz08)
4. **September 27: Karl Polanyi’s Embedded Economic Order**
   * *Discussion: Protecting society from unfettered market outcomes: The development of the welfare state and the stabilization of demand. What problems in Polanyi’s telling were highlighted by the pandemic?*
   * *Required Reading: Karl Polanyi, The Great Transformation, Chs. 19, 20.; Karl Polanyi, “The Economistic Fallacy,” Review (Fernand Braudel Center, Vol. 1, No. 1, Summer 1977).*
   * *Optional Reading: Nicholas Lemann,* [*“When Corporations Changed their Social Role – Upended Our Politics,”*](https://www.wsj.com/articles/when-corporations-changed-their-social-roleand-upended-our-politics-11567782178?mod=searchresults&amp;page=1&amp;pos=1) *The Wall Street Journal, September 6, 2019.*
   * *Video:* [*Marginal Revolution*](https://www.youtube.com/watch?v=O4L44CBN4uE)*;* [*Kari on Karl Polanyi*](https://www.youtube.com/watch?v=wyXfOc0n1LM)
5. **September 29: TAKING STOCK: Hayek, Keynes, and the Rest: The Response to the Pandemic**

* *How does the pandemic’s evolution affect economic impacts and economic policy?*
* *How do grandmasters’ ideas bear on pandemic-period discussions of trade, supply chains, inequality, and government’s role in the economy?*
* *Required Reading: Martin Eichenbaum, Sergio Rebelo, and Mathias Trabandt, “The Macroeconomics of Epidemics,” Slides, Northwestern University, 2020.*
* *Optional Reading: Glenn Hubbard and Michael Strain, “Economic Policy Responses to the COVID-19 Pandemic”; and Carl Benedikt Frey, Chinchih Chen, and Giorgio Presidente, “Democracy, Culture, and Contagion: Political Regimes and Countries’ Responsiveness to COVID-19,” Centre for Economic Policy Research, 2020, Joseph Stiglitz, “Priorities for the COVID-19 Economy”, Project Syndicate, 2020, ”The everyone economy: how to make capitalism work for all”, Financial Times, 2020; Jason Furman, Timothy Geithner, Glenn Hubbard, and Melissa Kearney, “Promoting Economic Recovery After COVID-19,” Aspen Economic Strategy Group, June 2020; Lawrence Wright, “The Plague Year”, The New Yorker, 2021.*

1. **October 4: Managerial Capitalism in the Post World War II Period: A Conversation with Nicholas Lemann**
   * *Discussion: Organization of the large 20th-century firm. How well prepared for the COVID-19 pandemic were large firms?*
   * *Required Readings: Alfred D. Chandler, Jr., Harvard University Press, 1977; The Visible Hand: The Managerial Revolution in American Business, Introduction; John Kenneth Galbraith, The New Industrial State, Princeton University Press, 1967, Ch. 7.*
   * *Optional Readings:* [*Michael Jensen and William Meckling, “Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure,” Journal of Financial Economics, October 1976*](https://www.sciencedirect.com/science/article/pii/0304405X7690026X)*. David Benoit, “*[*Move Over, Shareholders; Top CEOs Say Companies Have Obligations to Society,*](https://www.wsj.com/articles/business-roundtable-steps-back-from-milton-friedman-theory-11566205200)*” WSJ, August 19, 2019. Nicholas Lemann, Transaction Man, Farrar, Straus, and Giroux, 2019, Ch. 3.*
   * *Videos:* [*Galbraith Memorial Service*](https://www.youtube.com/watch?v=8ntbVGQq_cQ)*;* [*Impact of war on American economics.*](https://www.youtube.com/watch?v=CEfLKcrM2ts)
2. **October 6: The Protectionist State After World War II**
   * *Discussion: Interest groups and policymaking; regulatory capture*
   * *Required Reading: Jonathan Rauch, “Demosclerosis,” National Journal, September 1992; Mancur Olson, the Rise and Decline of Nations, Ch. 3.* [*George Stigler, “The Theory of Economic Regulation,” Bell Journal of Economics and Management Science, Spring 1971*](http://pirate.shu.edu/%7Erotthoku/Liberty/stigler_theory%20of%20econ%20regulation.pdf)*.*
   * *Optional Reading:* [*“A World of Hardening Borders,” WSJ, April 17, 2020.*](https://www.wsj.com/articles/a-world-of-hardening-borders-11587135761)
3. **October 11: Saving Capitalism from the Capitalists**
   * *A conversation with Luigi Zingales*
   * *Discussion: Business-government relations; ‘interest groups’ vs. ‘the common good’; regulation and ‘capture’. Was ‘cronyism’ evident in the aftermath of the pandemic?*
   * *Required Readings: Raghuram Rajan and Luigi Zingales, Saving Capitalism from the Capitalists Chs.3, 13; Martin Wolf,* [*“How to Reform Today’s Rigged Capitalism”*](https://www.ft.com/content/4cf2d6ee-14f5-11ea-8d73-6303645ac406)*, Financial Times, December 3, 2019.*

*Optional Readings*[*: “When Business and Government are bedfellows”*](https://www.economist.com/prospero/2012/08/23/when-business-and-government-are-bedfellows)*, The Economist, August 2012*[*; “Economic Scene; Are open markets threatened more by a pro-business or by an antibusiness ideology?”,*](https://www.nytimes.com/2003/12/04/business/economic-scene-are-open-markets-threatened-more-pro-business-antibusiness.html) *New York Times, December 2013. Matías Covarrubias, German Gutierrez and Thomas Philippon, “*[*From Good to Bad Concentration? US Industries Over the Past 30 Years*](https://www.journals.uchicago.edu/doi/pdf/10.1086/707169)*” NBER Macroeconomics Annual, 2020.*

1. **October 13: Turning Away from the State: The Era of Neoliberal Dominance** 
   * *Discussion: The end of Bretton Woods and of the Keynesian consensus; neoliberalism goes global* 
     + *The failure of economic policy in the 1970s in the United States and in Europe*
     + *The birth of the European Union*
     + *From the General Agreement on Tariffs and Trade to the World Trade Organization*
   * *Required Readings: Lanny Ebenstein, Chicagonomics: The Evolution of Chicago Free Market Economics, St. Martin’s Press, 2015, Chs. 11, 12;* [*“How Mrs Thatcher smashed the Keynesian consensus*](https://www.economist.com/free-exchange/2013/04/09/how-mrs-thatcher-smashed-the-keynesian-consensus)*”, The Economist, April 2013; “*[*The deal is done*](https://www.economist.com/europe/1991/12/14/the-deal-is-done)*”, The Economist, December 1991.*

**13. October 25: MIDTERM EXAMINATION**

**14. October 27: Globalization, Technological Change, and Neoliberalism’s High Water Mark**

• *Discussion: Winners of the races for globalization and technological change: the rise of Davos man; losers from those races and brewing political discontent*

• *Inequality and technological change*

• *The impact of trade and the decline of manufacturing*

• *Required Reading: Francis Fukuyama, “The End of History” National Interest, Summer 1989; Jeffrey Frankel and Peter Orszag, eds., American Economic Policy in the 1990s, MIT Press, 2002, pp. 7-23.*

• *Optional Readings: David Autor, David Dorn, and Gordon Hanson, “The China Syndrome: Local Labor Market Effects of Import Competition in the United States,” American Economic Review, 2013; David Autor, David Dorn, and Gordon Hanson, “When Work Disappears: Manufacturing Decline and the Falling Marriage Market Value of Young Men,” American Economic Review: Insights, 2019; Anne Case and Angus Deaton,* [*“Mortality and Morbidity in the 21st Century,” Brookings Papers on Economic Activity, Spring 2017*](https://www.brookings.edu/bpea-articles/mortality-and-morbidity-in-the-21st-century/)*. Gillian Tett, “*[*Davos Man Has No Clothes,*](https://foreignpolicy.com/2017/01/16/davos-man-has-no-clothes-globalization/)*” Foreign Policy, January 16, 2017.*

**15. November 3: The *Pax Americana* Post-war Liberal International Order Shows Cracks**

• *Discussion: America’s decline in the 21st Century; Russia’s troublemaking economic and political adventurism; China’s continued rise non-WTO economic model within the World Trade Organization*

• *Bretton Woods Institutions show their age*

• *Required Readings: Niall Ferguson and Moritz Schularick, “The End of Chimerica,” Working Paper, Harvard Business School, October 2009. Joseph E. Stiglitz, “Freefall: America, Free Markets, And the Sinking of the World Economy,” Chapter 1.*

• *Optional Readings: John Gerard Ruggle, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order, “International Organization, Spring 1982, pp. 379-415; and Markus Brunnermeier, Rush Doshi, and Harold James, “Beijing’s Bismarckian Ghosts: How Great Powers Compete Economically,” The Washington Quarterly, Fall 2018, pp. 161-176. Thomas Wright, “*[*The Return to Great- Power Rivalry Was Inevitable*](https://www.theatlantic.com/international/archive/2018/09/liberal-international-order-free-world-trump-authoritarianism/569881/)*,” The Atlantic, September 12, 2018.*

**16. November 8: It Comes Apart: The Financial Crisis of 2007-9**

• *Discussion: What is the relevance of the 2007-2009 global financial crisis to contemporary economic and political challenges. Discussion of bank bailouts versus mass refinancing of home mortgages; political realignment. Did U.S. responses to the COVID-19 pandemic mirror success/failure in policy responses to the global financial crisis?*

• *Required Readings: Adam Tooze, Crashed, Penguin Books, 2018, Chs. 6, 7; Raghuram Rajan, Fault Lines, Princeton University Press, 2010, Ch. 5; Glenn Hubbard and Christopher Mayer, “Q&A for Hubbard-Mayer Mortgage Refinancing Plan.”*

• *Optional Readings: “*[*Bailouts Shouldn’t Be Only for Banks*](https://www.wsj.com/articles/bailouts-shouldnt-be-only-for-banks-1536879168)*,” Glenn Hubbard, September 13, 2018. “*[*Crash Course – The Effects of the financial crisis are still being felt, five years on. This article, the first of a series of five on the lessons of the upheaval, looks at its causes*](https://www.economist.com/schools-brief/2013/09/07/crash-course)*,” The Economist, September 7, 2013.*

• *Video:* [*The Great Recession – One Minute Economics*](https://www.youtube.com/watch?v=nBh6PlC9_1g)*;* [*David Harvey, Crisis of Capitalism.*](https://www.youtube.com/watch?v=qOP2V_np2c0)

**17. November 10: It Comes Apart: The Eurozone Crisis After the Financial Crisis: A Conversation with Adam Tooze**

• *Discussion: How did the financial crisis sow seeds of the Eurozone crisis in Greece and other economies? How did it fan flames of European discord across income and skill groups?*

• *Required Reading: Adam Tooze, Crashed, Penguin Books, Chapters 6, 7.*

• *Optional Reading:* [*“Timeline: the unfolding eurozone crisis”*](https://www.bbc.com/news/business-13856580)*, BBC, June 2012;* [*“Special report: Staring into the abyss”*](https://www.economist.com/special-report/2011/11/12/staring-into-the-abyss)*, The Economist, November 2011;* [*“Special report: A very short history of the crisis”*](https://www.economist.com/special-report/2011/11/12/a-very-short-history-of-the-crisis)*, The Economist, November 2011.*

**18. November 15: It Comes Apart: The Rise of Populism and the Fall of the Liberal International Order: A Conversation with Bruce Usher**

• *Discussion: Losers from technological change and globalization; populism on both side of the Atlantic — U.S. populism; Brexit and the future of Europe; China and the United States in Economic conflict; ‘populism’ versus ‘expertise’ in responding to COVID-19.*

• *Required Reading: Jonathan Haidt, “*[*When and Why Nationalism Beats Globalism*](https://www.the-american-interest.com/2016/07/10/when-and-why-nationalism-beats-globalism/)*,” The American Interest, July 2016; Dani Rodrik, “Globalization’s Wrong Turn and How It Hurt America,” Foreign Affairs, July/August 2019; Pippa Norris and Ronald Inglehart, Cultural Backlash: Trump, Brexit and Authoritarian Populism, Chs. 10, 11, Cambridge University Press, 2019*

• *Optional Reading: Adam Tooze, Crashed, Penguin Books, 2018, Ch. 17; Joseph Stiglitz, Globalization and Its Discontents Revisited, 2018, W.W. Norton, Ch. 1; Carl Minzner “The End of China’s Reform Era” Asia Policy, October 2018; David Autor, David Dorn, Gordon Hanson, and Kaveh Majlesi,* [*“A Note on the Effect of Rising Trade Exposure on the 2016*](https://economics.mit.edu/files/12418) [*Presidential Election,*](https://economics.mit.edu/files/12418)*” MIT Working Paper, 2017; Richard Haass,* [*“Liberal World Order: R.I.P.,*](https://www.project-syndicate.org/commentary/end-of-liberal-world-order-by-richard-n--haass-2018-03?barrier=accesspaylog)*” Project Syndicate, March 2018;* [*2018 Report to Congress of the U.S.-China Economic and Security Review Comm*](https://www.uscc.gov/sites/default/files/2019-09/Executive%20Summary%202018%20Annual%20Report%20to%20Congress.pdf)*ission, Executive Summary; and Maurice Obstfeld, “*[*Globalization and Nationalism: Retrospect and Prospect,*](https://static1.squarespace.com/static/5d0ed7795d764000017ccc00/t/5eff6ae60c84a269fb5318db/1593797353198/CEPR%2BDP14990%2BJuly%2B2020.pdf) *University of California, Berkeley, October 2019; William Janeway,* [*“The retreat from globalization”,*](https://www.project-syndicate.org/onpoint/faces-of-economic-deglobalization-by-william-h-janeway-2020-06?barrier=accesspaylog) *Project Syndicate, June 2020;* [*“Has COVID-19 killed globalization”,*](https://www.economist.com/leaders/2020/05/14/has-covid-19-killed-globalisation) *The Economist, March 2020;* [*“The virus that shut down the world*](https://www.washingtonpost.com/graphics/2020/world/coronavirus-pandemic-globalization/)*”, Washington Post, June 2020; Robert E. Lighthizer, “How to Make Trade Work for Workers”, July/August 2020.*

• *Video:* [*J.D. Vance: Hill Billy Elegy – TED TALK*](https://www.youtube.com/watch?v=iEy-xTbcr2A&amp;feature=youtu.be)

**19. November 17: The Challenge of Technology**

* *Discussion: Technology and job displacement: The long history of Luddism and historical evidence; skill biased technological change and the origins of inequality; the future of employment; the dangers of “Big Tech”.*
* *Required Readings: Daron Acemoglou and Paolo Restrepo, “*[*Automation and New Tasks: How Technoloy Displaces and Reinstates Labor*](https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.33.2.3)*,” Journal of Economic Perspectives, 2019. Bruno Caprettini and Hans-Joachim Voth, “*[*Rage Against the Machines: Labor Saving Technoly and Labor Unrest in Industrializing England*](https://www.aeaweb.org/articles?id=10.1257/aeri.20190385)*,” American Economic Review: Insights, September 2020. Francis Fukuyama, Barak Richman and Ashish Goel, “*[*How to Save Democracy from Technology? Ending Big Tech’s Information Monopoly*](https://www.foreignaffairs.com/articles/united-states/2020-11-24/fukuyama-how-save-democracy-technology)*,” Foreign Affairs, 2021 (see also the interview with Francis Kukuyama in the* [*podcast*](https://review.chicagobooth.edu/economics/2020/article/capitalisn-t-francis-fukuyama-s-proposal-rein-big-tech) *Capitalisn’t with Luigi Zingales and Bethany McLean) .*
* *Optional Readings: David Autor, “*[*Polanyi’s Paradox and the Shape of Employment Growth*](https://economics.mit.edu/files/9835)*,” NBER, 2014. Erik Brynjolfsson, Tom Mitchell and Daniel Rock, “*[*What Can Machines Learn and What Does It Mean for Occupations and the Economy?*](https://dspace.mit.edu/bitstream/handle/1721.1/120302/pandp.20181019.pdf?sequence=1&isAllowed=y)*” American Economic Review, 2018. Michael Hirsh, "*[*Big Talk on Big Tech, but Little Action*](https://foreignpolicy.com/2021/04/06/big-tech-regulation-facebook-google-amazon-us-eu/)*,” Foreign Policy, April 2021, Jordan Howel, “*[*Breaking Big Tech cant Save American Democracy by Itself,*](https://www.washingtonpost.com/outlook/2021/01/31/breaking-up-big-tech-cant-save-american-democracy-by-itself/)*” Washington Post, January 31st 2021.*

**20. November 22: China’s Rise: A Conversation with Shang-Jin Wei**

* *Discussion: China’s growth; strategic challenges for China and the west; making room for China.*
* *Readings: Niall Ferguson and Moritz Schularick,* [*“The End of Chimerica,”*](https://www.hbs.edu/ris/Publication%20Files/10-037_0fdf7d5e-ce9e-45d8-9429-84f8047db65b.pdf) *Working Paper 10-037, Harvard Business School 2009; G. John Ikenberry, “The Rise of China and the Future of the West: Can the Liberal System Survive?,” Foreign Affairs, January/February 2008; Kurt M. Campbell and Rush Doshi, “The China Challenge Can Help America Avert Decline: Why Competition Could Prove Declinists Wrong Again,” Foreign Affairs, December 3, 2020; Evan Medeiros, “How to Craft a Durable China Strategy: Washington Must Rekindle Interdependence and Conflicts,” Foreign Affairs, March 17, 2021; and Section 2 - U.S.-China Economic Security Review Commission, 2018 Report to Congress, November 2018.*

**21. November 29: TAKING STOCK: Is America in Decline?: A Conversation with Ray Horton**

* Reading: Glenn Hubbard, “The $64,000 Question: Living in the Age of Technological Possibility or Showing Possibility’s Age?,” in J. Diamond and G. Zodrow, eds., Prospects for Economic Growth in the United States, Cambridge: Cambridge University Press, July 2021.

**22. December 1: TAKING STOCK: The Larger Picture -1: Creating a Good Society: The Challenge of Collective Action**

• *Discussion: What are the key social problems confronted by business? Does business have a social responsibility to shape actions against climate change? Pandemics? Should business actions be shaped by government’s dysfunction? What is the role of economists in government policy toward social challenges? Intergenerational challenges?*

*• Required Readings: Kerry A. Emanuel, “Climate Science and Climate Risk: A Primer,” MIT, 2019;* *Climate Leadership Council Report and Accompanying Economists’ Statement.*

**23. December 6: TAKING STOCK: The Larger Picture -2: What Is the Purpose of Business?: A Conversation with Mark Weinberger**

• *Discussion: What are trade-offs between shareholder value maximization and stakeholders’ interests? Is long-term value shareholder maximization sufficient? What limits should the state place on corporate activities? How well did large corporations do by stakeholders in the pandemic?*

• *Required Reading: Milton Friedman, “The Social Responsibility of Business is to Increase its Profits,” New York Times Sunday Magazine, September 13, 1970; Business Roundtable, Statement on the Purpose of the Corporation, 2019.*

• *Optional Reading: Martin Lipton, The New Paradigm; Sanjai Bhagat and Glenn Hubbard, “Should the Modern Corporation Maximize Shareholder Value?,” American Enterprise Institute, 2020.*

**24. December 8: Conclusion: Modern Political Economy for MBAs in a Hurry**

**FINAL: TAKE-HOME PAPER**