American capitalism was born on the frontier, nourished on the farm, and matured in the city. Far removed from the traditional centers of civilization and the constraints governing social and political arrangements colonial Americans developed their own, largely liberal, institutions. In a world of abundance where land was for the taking, Opportunities to rise were relatively open. Social status became more linked to achievement in business than to aristocratic birthright. After the unification of the post-Revolutionary states in 1790, merchants, entrepreneurs, managers, workers (free and unfree), statesmen, bankers, and scoundrels, alike, combined to build what would become the world’s most economically creative, technologically sophisticated military power in history. At the center was the business corporation, which had long since become the most important institution, outside the family, in the ordering of human affairs.

And yet among all rich nations, the United States was unique in never having an economic or industrial plan. Its enterprise system—the nexus of business and
government—was a paradoxical affair. American businesspeople labored in a largely market-based economy, yet they were subject to a mounting array of regulations—frequent, uncoordinated, overlapping and reactive. National, state and local governments played simultaneously promotional and adversarial roles, stimulating economic growth while curbing corporate power.

Goals, Requirements and Evaluation:
The intellectual goals of the course are to impart a long-term perspective on the U.S. economy and American enterprise system, and to cultivate thinking in time and context.

Readings, focusing largely on representative people and companies, will be required for each class. There will be short, one-paragraph, reactions to the reading in preparation for class discussion. Instead of a midterm, each student will participate in a group presentation. The final: a short take-home paper will present a proposition to which students will be asked to respond in a thoughtful essay.
Class 1  Concepts and Background
Reading: the economics of the U.S. Constitution as amended and ratified in 1790. (All 14 pages of it.) We'll read/review assigned pages in class and go from there.

Class 2  The Hamiltonian Settlement
Background reading: Larry Schweikart, The Entrepreneurial Adventure, pp. 59-63.2

Class 3  Central Banking in the Early Republic
Background: George David Smith and Richard Sylla, “Capital Markets,” pp.1209-14

Class 4  The First Industrial Revolution
Case reading: ”Samuel Slater, Francis Cabot Lowell and the Beginnings of the Factory System...."
Background: Entrepreneurial Adventure, pp. 67-89.

Class 5  Infrastructure and State Entrepreneurship
Case reading: "Rise of the Port of New York"
Background: Entrepreneurial Adventure, pp.95-108; 126-130.

Class 6  King Cotton and Civil War Finance
Background: Entrepreneurial Adventure, pp.165-69; 179-92.

1 Each three-hour meeting is two classes.
2 The Sweikart book is a placeholder. I may find a newer, better book for our cases.
Class 7  Transportation Revolution: R.R. Consolidation and Control
Case reading: "Jay Gould and the Coming of Railroad Consolidation."

Class 8  Telecommunications Revolution, I
Reading: Tom Standage, The Victorian Internet, selected chapters.

Class 9  Telecommunications Revolution, II
Case reading: "The Bell-Western Union Patent Agreement of 1879" (posted under Assignments).
Background: Entrepreneurial Adventure, pp. 119-25.

Class 10  The Expansion of Big Business
Case reading: "The Standard Oil Company: Combination, Consolidation and Integration."
Background: Entrepreneurial Adventure, pp. 193-208.

Class 11  Financial Capitalism
Case reading: "J.P. Morgan".

Class 12  Railroad Economics and the Rise of Modern Regulation
Case reading: "The Railroad Problem and its Solution."
Background: Entrepreneurial Adventure, p. 223-49.

Class 13  Busting the Trusts
Case reading: "Antitrust: Perceptions and Reality in Coping with Big Business."
Background: Entrepreneurial Adventure, pp. 256-61.

Class 14  Managing Multinational Enterprise

Class 15  Rise of the Modern Large Corporation
Case reading: Smith and Dyer, "Rise and Transformation...of the Corporation." (Posted on NYU Classes.)

Class 16 The Age of Consumption: “New Era” or False Start?
Student presentation: What caused the stock market crash of 1929?

Class 17 Depression
Reading Entrepreneurial Adventure, pp.350-65.
Student presentation: Why did it last so long?

Class 18 The New Deal and the “Mixed Economy”
TBA

11/10 Class 19 Financial system Regulation
Student presentation: Marriner Eccles: Restructuring the Fed

11/15 Class 20 The Rise of Big Labor
Case reading: “The Labor Movement between the Wars.”

Class 21 Wartime Mobilization and Demobilization
Reading: Entrepreneurial Adventure, pp. 371-84.
Student presentation: Economic effects of WWII on US

Class 22 America’s “Golden Age”
Reading: Entrepreneurial Adventure, pp. 385-405.
Student presentation: IBM and the onset of the computer age

Class 23 Relative Decline
Reading: Entrepreneurial Adventure, ch. 11.
Student presentation: “The New Society”

Class 24 Renewing Corporate America, I
Reading: George P. Baker and George David Smith, The New Financial Capitalists, at least chapters 1, 2, 4, and 6.
Background: Smith and Sylla, “Capital Markets”, finish.
Class 25  “New Economy”

Reading:  *Entrepreneurial Adventure*, chs. 12-13 and TBA

Student presentation: the Dotcom bubble and its aftermath

Class 26  Contemporary Issues in Historical Context: Discussion

Classroom Comportment

Attendance is important. (Though probably not as important as your job, a sick baby, or a broken leg.) So, if absent, call or email in. Classes should start on time, so please be on time. It’s the right thing to do. Everyone is expected to turn off cell phones and put away all laptop computers and other distracting paraphernalia during class sessions. Please at least pretend to be interested in what the instructor and your classmates have to say. Be not afraid to ask questions, to challenge the professor and one another, and to hold forth with your own ideas about the subject matter, so long as you are polite and don’t suck the air out of the room (that privilege is reserved for the instructor). At the end of class, take out everything you brought in, save for rubbish, which you may deposit in the receptacle provided. Dress as you would at home, so long as you dress at home.

NYU Stern Code of Conduct

Posted under “Assignments” on Blackboard

Please review!
To Be Purchased, Borrowed or Otherwise Requisitioned:


**Electronic Course Packet, including:**

**Harvard Business School Cases:**

"Strategic Vision of Alexander Hamilton"

"Second Bank of the United States"

"Samuel Slater, Francis Cabot Lowell...."

"Rise of the Port of New York"

"Railroads...and Modern Management"

"Jay Gould...."

"The Railroad Problem and the Solution"

"Antitrust...."

"J.P. Morgan"

"Standard Oil Company...."

"Singer Sewing Machine"

"The Labor Movement between the Wars"

Gene Dattel, "Cotton and Confederate Finance"

**Posted freebies on NYU Classes**

George David Smith and Richard Sylla, "Capital Markets"

George David Smith and Davis Dyer, "The Rise and Transformation of the American Corporation"

George David Smith, "Forfeiting the Future"

Timothy C. Jacobson and George David Smith, "The Snow of Southern Summers;"

Instructor's Biographical Information

George David Smith is Clinical Professor of Economics and International Business at the Stern School of Business, New York University where he serves as Academic director of the Executive EMBA Programs. He began teaching at the Stern School in 1984 and joined its economics faculty in 1988, and is now one of the school's two full-time historians. He offers courses in U.S. Business History, Global Perspectives on the History of Enterprise, Markets, Ethics and Law, and Entrepreneurial Leadership. He is also a faculty member of the Berkley Center for Entrepreneurial Studies and is a research associate of the Center for Japan-U.S. Business and Economic Studies. He has been twice named a Glucksman Faculty Fellow.

Professor Smith holds a Ph.D. in history from Harvard University, where he taught from 1972-78. He worked as project manager for telecommunications industry antitrust studies at the Cambridge Research Institute from 1979 1981. In 1982 he was founding partner of The Winthrop Group, Inc. in Cambridge, MA and New York, where he has consulted to such companies as ALCOA, AT&T, Comcast Corp., Cotton Incorporated, Dillon, Read, Inc., Dover Corporation, General Electric Company, Guardian Life Insurance Company, Kohlberg Kravis Roberts & Co., McKinsey & Company, Procter & Gamble, and Shell Oil Company.

Some of his publications include:
"The Diamond of Sustainable Growth: A historical framework for the study of political economy and economic development", forthcoming.


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