

**NYU-Stern School Graduate Division ECON-GB.2330**

**Fall Term 2010**

**Prof. George D. Smith**

**ECONOMIC AND BUSINESS HISTORY  
OF THE UNITED STATES**

**Monday and Wednesday  
September 8 - December 13**

**Syllabus**

[Subject to revision]

**Course Description and Requirements**

This course will examine the historical development of the American enterprise system since the beginning of the industrial revolution. Readings will cover topics in entrepreneurial strategy, technological development, managerial reform, financial markets, and labor organization. We will place the unique development of the American corporation in its larger economic contexts and will consider how specific fiscal, monetary and regulatory policies have affected the entrepreneurial process, corporate organization and management structure.

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

Requirements and evaluation: Readings will be required for each class. Attendance is expected; no one will be permitted to “mail in” the course. There will be short, one-paragraph, writing exercises in preparation for class discussion. Each student will participate in one assigned group presentation. The final examination will present a proposition to which students will be asked to respond in a thoughtful essay. Class attendance and participation will be factored in on the upside—also homework, if exceptional.

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Class Assignments**

**9/08 Class 1**

**Concepts and Background**

**09/13 Class 2**

**The Hamiltonian Settlement**

Case reading: "The Strategic Vision of Alexander Hamilton;" U.S. Constitution.  
Background reading: Larry Schweikart, *The Entrepreneurial Adventure*, pp. 59-63..

Homework questions for this and subsequent classes to be posted on Blackboard under "Assignments."

**09/15 Class 3**

**Central Banking in the New Republic**

Case reading: "The Second Bank of the United States."  
Background: George David Smith and Richard Sylla, "Capital Markets," pp.1209-14

**09/20 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.

**09/22 Class 5**

**Infrastructure and State Entrepreneurship**

Case reading: "Rise of the Port of New York"  
Background: *Entrepreneurial Adventure*, pp.95-108; 126-130..

**09/27 Class 6**

**King Cotton and Civil War Finance**

Case reading: Chapters 1 and 2, "The Snow of Southern Summers" from T.C. Jacobson and G.D. Smith, *Cotton's Renaissance* (2001) to be posted on Blackboard; Gene Dattel, "Cotton and Confederate Finance" from *Cotton and Race in the Making of America* (2009).

Background: *Entrepreneurial Adventure*, pp.165-69; 179-92.

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**09/29 Class 7**

**Transportation Revolution: R.R. Consolidation and Control**

Case reading: "Jay Gould and the Coming of Railroad Consolidation."

Background: *Entrepreneurial Adventure*, pp. 109-14; 137-159, pp. 170-171 (sidebar).

**10/04 Class 8**

**The Telecommunications Revolution, I**

Reading: Tom Standage, *The Victorian Internet*, selected chapters.

**10/06 Class 9**

**The Telecommunications Revolution, II**

Case reading: "The Bell-Western Union Patent Agreement of 1879" (posted on Blackboard, under Assignments).

Background: *Entrepreneurial Adventure*, pp. 119-25.

**10/11 Class 10**

**The Expansion of Big Business**

Case reading: "The Standard Oil Company: Combination, Consolidation and Integration."

Background: *Entrepreneurial Adventure*, pp. 193-208.

**10/13 Class 11**

**Financial Capitalism**

Case reading: "J.P. Morgan".

Background: "Capital Markets," pp. 1214-21.

**10/18 Class 12**

**Railroad Economics and the Rise of Modern Regulation**

Case reading: "The Railroad Problem and its Solution."

Background: *Entrepreneurial Adventure*, p. 223-49.

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**10/20 Class 13**

**Busting the Trusts**

Case reading: "Antitrust: Perceptions and Reality in Coping with Big Business."  
Background: *Entrepreneurial Adventure*, pp. 256-61.

**10/25 Class 14**

**Managing Multinational Enterprise**

Case reading: "Singer Sewing Machine Company, 1851-1914."

**10/27 Class 15**

**Rise of the M-Form Corporation**

Case reading: Smith and Dyer, "Rise and Transformation...of the Corporation." (Posted on blackboard.)

**11/01 Class 16**

**The Age of Consumption**

Reading: *Entrepreneurial Adventure*, pp. 269-340.

**11/03 Class 17**

**Crash and Depression**

Case reading: TBA  
Background: *Entrepreneurial Adventure*, pp.341-52.

**11/08 Class 18**

**The New Deal and the "Mixed Economy"**

Background: *Entrepreneurial Adventure*, pp. 354-63.

**11/10 Class 19**

**Financial system Regulation**

Background: Smith and Sylla, "Capital Markets," pp. 1223-29.

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**11/15 Class 20**

**The Rise of Big Labor**

Case reading: "The Labor Movement between the Wars."

**11/17 Class 21**

**Wartime Mobilization and Demobilization**

Reading: *Entrepreneurial Adventure*, pp. 371-84.

**11/29 Class 22**

**America's "Golden Age"**

Reading: *Entrepreneurial Adventure*, pp. 385-405.

**12/01 Class 23**

**Relative Decline**

Reading: *Entrepreneurial Adventure*, ch. 11.

**12/06 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.

**12/08 Class 25**

**New Economy**

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

**12/13 Class 26**

**Contemporary Issues in Historical Context**

Discussion

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**Classroom Comportment**

Attendance is expected. Classes should start on time, so please be on time. It's the right thing to do. Everyone is expected to turn off all cell phones and put away all laptop computers, cell phones 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!

**Books to Be Purchased:**

George P. Baker and George David Smith, *The New Financial Capitalists: Kohlberg Kravis Roberts and the Creation of Corporate Value* (Cambridge University Press, 1998).  
Tom Standage, *The Victorian Internet* (1999).

**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 on Blackboard:**

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."

Larry Schweikart, *The Entrepreneurial Adventure: A History of Business in the United States* (Wadsworth, 1999).

### 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 three 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.

*A Concise History of Wall Street*, with Richard Sylla. Cambridge University Press, forthcoming.

*A History of the Firm*, private printing, McKinsey & Co. (2010).

*Mutually Beneficial: The Guardian and Life Insurance in America*. New York University press, 2004.

*Cotton's Renaissance*, with Timothy Jacobson. Cambridge University Press, forthcoming 2001.

*Wisdom from the Robber Barons*, with Frederick Dalzell, Perseus Books, 2000.

"Leveraged Management Buyouts at KKR," with George Baker, in *Private Equity*. ,Euromoney/Institutional Investor, 2000).

*The New Financial Capitalists: Kohlberg Kravis Roberts and the Creation of Corporate Value* , with George P. Baker. Cambridge University Press, 1998.

"The Rise and Transformation of the American Corporation," in *The Corporation Today*, ed. Karl Kaysen. Oxford University Press, 1996.

*The Transformation of Financial Capitalism*, with R. Sylla. Blackwell, 1993.

*From Monopoly to Competition: The Transformations of Alcoa*. Cambridge University Press, 1988.

*Anatomy of a Business Strategy: Bell, Western Electric and the Origins of the American Telephone Industry*. John Hopkins University Press, 1985.