

The Future of Capitalism

Type: Blockseminar

Number: 50322

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Participants: P&E Bachelor, P&E Master, BA IWB, BA Economics, MA IWB, MA Economics

Lecturers: Marco Meyer, Carsten Jung

Dates: 22-24 November 2019

Start-time: 22 November, 12.00 s.t.

Overview Deadlines & ToDos

Deadline for applying to give a presentation: 6 April

There are seven short presentations to be allocated, details below

Deadline for submitting reading questions: 6 May

Seminar Description

Capitalist economies are undergoing rapid changes, leading to new grievances and the revival of old challenges in a new guise. Firstly, economic inequalities could approach the levels of the Belle Époque, injecting new life into questions about the justifiability of capitalism. Secondly, technology could fundamentally change the labour market, providing new opportunities but also raising doubts about the possibility of employment for all.

In this seminar, we explore recent proposals by political philosophers that address these challenges to capitalism. And we will quantitatively analyse fiscal reform proposals aimed at realising them. For instance, early defenders of capitalism, including David Hume and Adam Smith, saw capitalism as a tremendous improvement over feudalism. But critics today point out how current institutional structures are incompatible with social justice. We will focus on this comparison to diagnose which type of reforms could be needed to achieve a just system. Such proposals include those related to Rawls' property owning democracy, which would comprise sweeping tax and expenditure reforms. Having established those reform proposals and their philosophical underpinnings, we will look at the fiscal policy literature. This will allow us to quantitatively assess their financial impact and relate them to the current debate.

Lecturers

Marco Meyer

Marco has a PhD in philosophy from the University of Cambridge and is currently reading for a PhD in economics at the University of Groningen. He received a Master's degree in philosophy from Oxford University, a BA degree in Philosophy & Economics from Bayreuth university, and a BA in European History from Bayreuth University. His research interests include financial ethics, applied epistemology and global justice. He has taught students at the universities of Oxford and Cambridge, and has given seminars on philosophy and economics.

Carsten Jung

Carsten is an economist at the Bank of England's Fintech Hub, where he leads the work on artificial intelligence. Before that he worked on policy issues concerning the global financial vulnerabilities and systemic risks from climate change. He holds a BA in Philosophy & Economics from Bayreuth, an MSc in Economics from Warwick University and an MSc in Economic Sociology from LSE. He was also a Carlo-Schmid intern at the International Monetary Fund.

Learning Goals

- Understand Rawls arguments in favour of property owning democracy, its implications and its alternatives.
- Develop the skills to assess current fiscal arrangements in advanced economies, to assess the degree to which Rawl's proposal is realised.
- Develop the skills to assess various reform proposals, such as universal basic income, and their financial implications.

Agenda

Friday: Introduction to Property-Owning Democracy

12.00 (we start s.t.)	What is Capitalism?
13.00	Property-owning democracy and its moral foundations
14.30	How would POD look like in practice and how far away from it are we?
16:15	Alternative ways of thinking about justice and capitalism
18.00	End

Saturday: Problems with Capitalism

09.00 (we start s.t.)	Inequality: income, wealth and inheritance
10.30	Wealth and inheritance taxation
11.45	Income taxation and redistribution
13.15	Lunch
14.45	How we got here & the politics of it all

16.30	Assessing the financial impact of policies
18.00	End
19.00	Optional: Dinner

Sunday: The Future of Capitalism

09.00 (we start s.t.)	Political Philosophy and the Future of Capitalism
10.45	Group work: The Future of Capitalism
12.15	Lunch
13.00	Roundtable: The Future of Capitalism
15.00	Feedback
16.00	End

Reading List & Reading Questions

- All readings can be downloaded [here](#)
- Please submit answers to reading questions (about 100 words per question) online [here](#)

Capitalism and its moral foundations

Reading: The Oxford Handbook of Capitalism. Required reading is the Introduction, the other two articles are recommended but not required.

Q: What is capitalism?

Property-owning democracy and its moral foundations

Reading: Property-owning democracy: Rawls and Beyond, Ch. 4: Free (and fair) Markets without capitalism: political Values, Principles of justice, and Property owning democracy Martin O'Neill.

Q: Are there other forms of capitalism than property-owning-capitalism that meet Rawls' principles of justice?

How would POD look like in practice and how far away from it are we?

Reading: Property-owning democracy: Rawls and Beyond, Ch. 11: Realizing property-Owning Democracy, Thad Williamson.

Q: Is there a realistic way to turn Germany into a property-owning democracy within a generation?

Alternative ways of thinking about justice and capitalism

Reading: John Tomasi, Free Market Fairness, Chapter 4.

Q: Is market democracy superior to a property owning democracy from a Rawlsian perspective?

Inequality of income and wealth

Reading: Piketty, Chapter 7: Inequality and concentration

Q: What is the difference between income and wealth inequality? How are they connected to inheritance and ideas of meritocracy?

Inheritance

Reading: Alvarado et al (2017): On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900–2010

Q: What are the key drivers of inheritance share of wealth? Argue for or against why you think there is a desirable (maximum or minimum) level of this ratio.

Wealth taxation:

Reading: OECD 2017, chapter 1 and chapter 3.

Q: Using ideas from the OECD report, argue for (or against) what type of wealth tax reform you think is desirable.

Income taxation and redistribution

Reading: Causa & Hermansen (2017): Income redistribution through taxes and transfers across OECD countries, sections 1-3.

Q: How does Germany's taxation and income redistribution differ from those in other countries. Pepper your answer with some (approximate) numbers from the paper.

How we got here: the history of the welfare state

Reading: Garland (2016): The welfare state: a very short introduction, chapters 4, 7 and 8.

Q: Summarise in your own words, the similarities and differences between what the author calls: Welfare State 1.0, 2.0 and 3.0.

Assessing the financial impact of policies

Reading: Haynes & Rothstein (2019): Universal Basic income in the US and advanced economies

Q: How big a change to the welfare state would universal basic income be? Argue in favour or against a particular form of it and give your reasons.

Assessment

Attendance-only “Schein” (PE: 2 ECTS): You need to (1) do the readings, (2) do the problem set, (3) participate actively in the seminar

Essay “Schein” (PE: 6/8 ECTS): You need to (1) do the readings, (2) do the problem set, (3) write an essay (4.000-5.000 words). If you give a presentation, this will feed into your grade as well.

General Readings & Reading Questions

- All readings in this section are required readings. In addition, there are two required readings associated with your workshop of choice
- There will be very few presentations in the seminar, and there won't be presentations to recap readings
- Some of the readings are difficult. Rather than giving you watered-down readings, we want to encourage you to develop a reading skill that will become very handy in your academic life: extracting relevant information and arguments from very difficult texts. Always keep the respective reading question in mind while reading, and focus on getting an answer to that question out of the text. Do not despair if there are parts of the readings that you don't understand. Make a note and ask during the seminar.
- Deadline for Submission of Reading Questions: 6 May.
- Reading questions are to be submitted online [here](#).
- You can save the form as draft and continue later. Make sure you note down the URL displayed after you click on save as draft.
- Please answer each question in no more than 100 words

We have crafted reading questions to prepare you for the seminar and give us material to work with during the seminar. Consider answering the reading questions as part of the seminar designed to meet seminar goals, rather than a box-ticking exercise.

Presentations

- There are seven short presentations available (8 min)
- Please let us know about your preferences for presentations by 6 April (marco.meyer@york.ac.uk)
- Stick to the presentation topic
- Stick to the time limit: 8 min
- A projector will be available _____
- Presentations should be in English, but don't be intimidated — we'll have an atmosphere which is quite tolerant of less than perfect English; what matters is that you can get your point across.
- For good presentations, we give an essay grading bonus of one grade-step (e.g. from 1.7 to 1.3). Alternatively, presenters can get a discount on essay length. If you would like to do one of the presentations.

Economics and big corporations

- Presentation 1: Micro-econ refresher: Monopoly, monopsony and monopolistic competition (based on an econ textbook of your choice)

Case Studies big companies:

- Presentation 2: Facebook (Focus on [Data & Consent](#))
- Presentation 3: Volkswagen (Focus on [Lobbying](#))
- Presentation 4: Boing (Focus on [Pricing](#))

Instruction for each big company case study:

- Duration of presentation: 8min
- Describe what the company does (e.g. industry, products, markets).
- Describe how big the company is (e.g. revenue, net income, number of employees, and market share) compared to competitors in the same industry.
- What are some of the reasons that the company could grow so big?
- What are some of the good things the company does because it is big (concerning employees, customers, society)?
- What are some of the bad things the company is associated with (concerning employees, customers, society)? Do these practices have to do with the fact the company is big?

Corporate governance case studies:

- Presentation 5: Johnson & Johnson vs. Novo Nordisk (Dispersed ownership vs. [Foundation](#) as large shareholder)
- Presentation 6: JPMorgan vs. Credit Agricole (Publicly listed vs. [Cooperative](#))
- Presentation 7: Walmart vs. DM Markt (Hierarchical vs. [participatory governance](#))

Instructions for each corporate governance case study:

- Duration of presentation: 8 min
- Compare the two companies concerning its size (e.g. revenue, net income, number of employees, market share);
- Compare the two companies concerning its corporate governance (corporate form, ownership);
- Argue whether the differences in corporate governance make a difference for whether the companies serve the public interest.

Essays

Topics: We'll run a short session on possible seminar topics during the Blockseminar, and point out possible seminar topics during the seminar. You are encouraged to come up with your own topics.

General Guidelines

- Between 4,000 and 5,000 words
- English or German
- Before you start writing, look at this essay writing guide: <http://www.phil.cam.ac.uk/curr-students/IA/curr-students/writing-skills/>
- Re-read and revise before submitting. Ask a friend to read your paper.
- We set a deadline for the essay with students individually to fit their needs.

General Structure

- Define and answer a precise research question (check with us!), give a clear answer to the question which you state in the introduction (your thesis), and use your essay to defend that answer.
- Structure essay according to thesis: No paragraph and indeed no sentence that does not help investigating the thesis belongs in the essay.
- When developing an argument, state premises and conclusion clearly.
 - Make sure the argument is valid
 - Anticipate objections to your premises and discuss in the essay
- When using empirical data, explain and scrutinize it
 - Make sure the data is relevant to your argument and explain how that is
 - Indicate the source
 - Do not only report results, but also show awareness of the methodology used
- Summarize your argument in a brief conclusion

We encourage you to look for additional literature. You are not expected to read everything there is on your topic, however. In depth analysis and development of your own sustained argument matter much more. So, read a few things, but then start writing quickly.