

# **Hitchhiker's Guide to Business and Economies across Five Centuries**

**Instructors' name:** Prof. Chinmay Tumble

**Area to which the course belongs:** Economics

**Term in which the course is to be offered:** Term 5 (Year 2017)

**Course credits:** 1 [20 Sessions]

**Course Open for:** PGP +

## **Introduction:**

The past five centuries have been momentous in the world of business and commerce. In 1500, the centre of gravity of world business was firmly located between the Indian Ocean World and the Mediterranean Basin. Over the next five hundred years, the locus shifted to Western Europe and North America. Why and how did this happen? Who were the key actors behind these changes? What type of firms and business practices emerged across the world? This course addresses these questions and enables one to understand the evolution of firms, industries and economies over the long run.

Understanding seismic shifts of the past broadens the horizon of the management professional and provides skills to better understand the future.

The course is divided in four parts. Part 1 provides overviews of three global revolutions—scientific, imperial and industrial – that gave birth to the modern world and its interconnections with business and economic history. Part 2 reviews key actors in global business history. Part 3 highlights the origins of business practices by considering the histories of specific firms and sectors. Against the backdrop of the global revolutions, key actors and business practices, Part 4 traces the business and economic histories of regions across the world in comparative perspective.

### Part 1: Global Revolutions, 1500-2000:

Introduction, The Scientific Revolution, The Imperial Revolution, The Industrial Revolution

### Part 2: People:

Merchants, Entrepreneurs, Managers, Labourers, Women

### Part 3: Firms and Business Practices:

The Joint Stock Firm (English East India Company), Modern Management, Mass Production & Marketing (Ford and General Motors), Big Business-Mergers & Acquisitions, Modern Finance (Lehman Brothers)

### Part 4: Regions:

US, UK, Germany & Japan; China and India; Russia and Europe; Africa and the Middle East; Latin America, East Asia and Rest of the World

**Course Objective:**

- To understand the evolution of modern business and economies in global perspective
- To comprehend the global revolutions, actors, business practices and regional business and economic histories across five centuries

**Pedagogy:**

The course will be taught through interactive sessions with class room discussions, group exercises and presentations. Cases, scholarly articles, background reading notes and adapted card games will be used in the course.

**Evaluation Scheme:**

The break-up of the evaluation scheme is as follows:

Class Participation: 16%, Assignment: 42%, Group Work (2): 42%

Assignment will be based on aspects of business and economic history related with either individuals, firms, industries or regions.

Group Work 1: Presentations related with Part 2 and Part 4 of the course

Group Work 2: Separate group project on a sample of firms in history

**Course Books/Reference Materials:**

Outlined in the session plan below. There is no text-book for this course.

**Pre-requisites & Eligibility:**

There is no pre-requisite for this course. A passion for history would be a bonus.

**Relationship to other courses:**

Standalone course.

## Session Plan

### Part 1: Global Revolutions [1500-2000]

#### Session 1: Introduction

- What is History?
- Objectivity and Subjectivity in History
- Periodization in History
- “The Great Divergence” in Economic History

*Group exercise involving an adapted card game on chronology.*

#### Session 2: The Scientific Revolution

- Scientific Dogma, Scientists and Scientific Disciplines
- Significance of the 18<sup>th</sup> century Enlightenment Period
- Innovation, Science, Technology and Economic Growth

*Reading:*

“The Discovery of Ignorance”, Chapter 14, Pages 275-306, of Harari, Y. N. 2011. *Sapiens: A Brief History of Humankind*. London: Vintage Books.

“The Contribution of Economic History to the Study of Innovation and Technical Change: 1750-1914” by Joel Mokyr in B. H. Halland and N. Rosenberg, *Handbook of the Economics of Innovation, Vol. 1*, pp. 11-50, Burlington, Academic Press.

#### Sessions 3 & 4: The Imperial Revolution

- Why Europe?
- The Mentality of Conquest
- Mapping the World
- Conquest through Chartered Companies
- The Slave Trade
- Imperialism and Economic Systems

*Readings:*

“The Marriage of Science and Empire”, Chapter 15, Pages 307-340, of Harari, Y. N. 2011. *Sapiens: A Brief History of Humankind*. London: Vintage Books.

“Why Britain,” Pages 1-52, of Ferguson, N. 2003. *Empire: How Britain made the Modern World*. London: Penguin.

“Reversing Development: How European Colonialism Impoverished Large Parts of the World,” Chapter 9, Pages 245-273, of Acemoglu, D. and Robinson, James. *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. New York: Crown.

*Group exercise involving world maps.*

## **Session 5: The Industrial Revolution**

- The Impact of the Steam Engine
- Coal and Textile Sectors
- The Second Industrial Revolution

### *Reading:*

Pages 71-98, Chapters 8 and 9 of Amatori, F and Colli, A. 2011. *Business History: Complexities and Comparisons*. Routledge.

## **Part 2: People**

### **Session 6: Merchants**

- Merchants and trading networks in the Mediterranean Basin, Indian Ocean & Atlantic Worlds
- Merchant Communities across the world
- Forms of Credit, Exchange and Law in the pre and post-Industrial Era

*Group Presentation [20 Minutes]: Comparing four merchant biographies across centuries/countries.*

#### **Recommended Reading for the Presenting Group:**

Books by Lakshmi Subramanian “Three Merchants of Bombay”, Ashin Das Gupta “The World of the Indian Ocean Merchant, 1500-1800”, Avner Greif “Institutions and the Path to the Modern Economy: Lessons from Medieval Trade”, among others provide rich account of merchants and trading systems in different context.

### **Session 7: Entrepreneurs**

- Who is an entrepreneur?
- Social background of entrepreneurs
- Factors driving entrepreneurial success and failures

*Group Presentation [20 Minutes]: Comparing four entrepreneurs across centuries/countries.*

#### **Recommended Reading for the Presenting Group:**

Books by Thomas McCraw (on America), Gita Piramal and Vir Sanghvi (on India), Niall Ferguson and Youssef Cassis (on Europe).

### **Sessions 8: Managers**

- The rise of managerial capitalism
- The rise of business education, history of HBS and IIMA

#### ***Reading:***

Alfred D. Chandler, Jr., “The Emergence of Managerial Capitalism”, *Business History Review* 58, no. 4 (Winter 1984): 473-503.

Chapter 12 “Business Education and the Rise of a Managerial Class”, pp. 205-215, from Tripathi, Dwijendra & Jumani, Jyoti. 2013. *The Oxford History of Contemporary Indian Business*. New Delhi: Oxford University Press.

*Group Presentation [20 Minutes]: Comparing four leading managers in four different countries in the 20<sup>th</sup> century.*

## **Session 9: Labourers**

- Slaves, Indentured Labourers, Contract Labourers, Unionized Labourers
- The Rise of Trade Unions
- Labour Welfare in the 20<sup>th</sup> Century

### *Reading:*

“Anasuyaben Sarabhai Engages Ahmedabad’s Working Classes,” Chapter 4, pages 94-114 of Howard Spodek’s *Ahmedabad: Shock City of Twentieth-Century India*, 2011. Bloomington: Indiana University Press.

*Group Presentation [20 Minutes]: Comparing four different types of forms of labour across centuries/countries.*

### Recommended Reading for the Presenting Group:

Books by David Northrup (on indentured labour), Eric Hobsbawm (on Europe), Tirthankar Roy (on India), and the online resource – [www.slavevoyages.org](http://www.slavevoyages.org) – on the slave trade.

## **Session 10: Women**

- Female Labour Supply & Demand across regions and time
- Women’s work in firms
- Women Entrepreneurs

### *Reading:*

“The Changing Economic Roles of Women,” by Joyce Burnette in the *Routledge Handbook of Modern Economic History* edited by Robert Whaples and Randall Parker, 2013, pages 306-315.

*Group Presentation [20 Minutes]: Comparing four female personalities in business history.*

### Recommended Reading for the Presenting Group:

Boserup, E. 1970. *Woman’s Role in Economic Development*. London: George Allen & Unwin.

### **Part 3: Firms and Business Practices**

#### **Session 11: The Joint Stock Firm: The English East India Company**

- The origin and evolution of the joint stock firm
- The English East India Company

#### *Readings*

Chapters 2 and 3, Pages 17-54, from Micklethwait, J. and Wooldridge, A. 2003. *The Company: A Short History of a Revolutionary Idea*. Random House Publishing Group.

“Timeline” Pages 222-226, of Roy, Tirthankar. 2012. *The East India Company: The World’s Most Powerful Corporation*. New Delhi: Penguin Allen Unwin.

#### **Sessions 12 &13:**

#### **Modern Management, Mass Production and Mass Marketing: Ford and General Motors**

- Business Administration
- Accounting
- Human Resource Management
- Unitary-form (U) and Multi-Divisional-form (M) Firms
- Automation processes in factories
- The Retail Revolution

#### *Reading*

“The Multidivisional Corporation and Managerial Capitalism”, pages 101-111, in Amatori, F and Colli, A. 2011. *Business History: Complexities and Comparisons*. Routledge.

“Henry Ford, Alfred Sloan and the Three Phases of Marketing,” Pages 266-295, by T. McCraw and R. Tedlow, in McCraw, T. ed. 1995. *Creating Modern Capitalism: How Entrepreneurs, Companies and Countries Triumphed in Three Industrial Revolutions*. Harvard University Press.

#### **Session 14: Big Business- Mergers and Acquisitions**

- Big Business across the three Industrial Revolutions
- Big Business in US, Western Europe and Japan
- Big Business in India
- Mergers and Acquisitions
- Multinationals

#### *Readings*

Chapter 8 “Big Business”, Pages 171-193, by Youssef Cassis in *The Oxford Handbook of Business History*, edited by Geoffrey Jones and Jonathan Zeitlin, 2008.

“Towards Maturity”, Chapter 8, Pages 91-110, from Tripathi, Dwijendra & Jumani, Jyoti. 2007. *The Concise Oxford History of Indian Business*. New Delhi: Oxford University Press.

Table 10.1, Page 179, from Tripathi, Dwijendra and Jumani, Jyoti. 2013. *The Oxford History of Contemporary Indian Business*. New Delhi: Oxford University Press.

## **Session 15: Modern Finance: Lehman Brothers and Investment Banking**

- The evolution of investment banking
- The life, death, rebirth and re-death of Lehman Brothers
- Finance and Economic Development

### *Readings*

HBS Case on “Lehman Brothers” by Tom Nichols and David Chen in 2010. Pages 1-21.



## Part 4: Regions

Placed against the backdrop of discussions in the first three modules of this course, this five-session module discusses the following issues by comparing regional business histories

- Timeline of Economic Development
- Colonial legacy on the business landscape
- The Business Landscape: Types of firms, Number of joint stock firms, Number of listed firms, Types of corporate ownership, Iconic Firms and Business Leaders
- The role of the family in business
- The role of business communities
- Big Business vs. Small Business
- Business and the State
- Multinational Activity

*Reading: Statistical Appendix, pages 376-383, in Angus Maddison's 'Contours of the World Economy, 1-2030AD, Oxford University Press.*

*Group Presentation [20 Minutes]:* In each session, one group will present an outline of regional business and economic histories addressing the above points, followed by half an hour of discussion and concluded by the instructor's presentation on the regions.

### Session 16: US, UK, Germany and Japan

Recommended Background Reading for the Presenting Group: McCraw, T. ed. 1995. *Creating Modern Capitalism: How Entrepreneurs, Companies and Countries Triumphed in Three Industrial Revolutions*. Harvard University Press. [The book focuses on the four countries].

### Session 17: China and India

Recommended Background Reading for the Presenting Group: Kudaisya, Medha & Ng Chin-keong. 2009. *Chinese and Indian Business: Historical Antecedents*. Leiden: Brill.

### Session 18: Russia and Europe

Recommended Background Reading for the Presenting Group: Amatori, F and Colli, A. 2011. *Business History: Complexities and Comparisons*. Routledge.

### Session 19: Africa and the Middle East

Recommended Background Reading for the Presenting Group: Research work of Gareth Austin "Labour, Land and Capital in Ghana" and Timur Kuran "The Long Divergence".

### Session 20: Latin America, East Asia and Rest of the World

Recommended Background Reading for the Presenting Group: Research work of Andrea Llach and Geoffrey Jones "Impact of Globalization on Argentina and Chile" and Austin and Sugihara "Labour-Intensive Industrialization in Global History"

### Conclusion

- Review of course contents

## *Useful readings for the motivated student*

### Global scale

McCraw, T. ed. 1995. *Creating Modern Capitalism: How Entrepreneurs, Companies and Countries Triumphed in Three Industrial Revolutions*. Harvard University Press.

Beckert, S. 2014. *Empire of Cotton: A Global History*. New York: Vintage Books.

Ferguson, N. 2008. *The Ascent of Money: A Financial History of the World*. London: Penguin [Also available as a 4-part documentary series on YouTube].

Pommeranz, K. 2000. *The Great Divergence: China, Europe, and the Making of the Modern World Economy*. Princeton: Princeton University Press.

Amatori, F and Colli, A. 2011. *Business History: Complexities and Comparisons*. Routledge.

Jones, G and Zeitlin, J. Eds. 2008. *The Oxford Handbook of Business History*. Oxford University Press.

Lockard, Craig. 2008. *Societies, Networks and Transitions: A Global History*. [Useful textbook orientation on mainly social and political history]

### On India

Tripathi, Dwijendra & Jumani, Jyoti. 2007. *The Concise Oxford History of Indian Business*. New Delhi: Oxford University Press.

Roy, Tirthankar. 2010. *Company of Kinsmen: Enterprise and Community in South Asian History, 1700-1940*. New Delhi: Oxford University Press.

Books published in Penguin India's Series on 'Story of Indian Business.'

Detailed reading list is provided in the 'Business History' course outline, offered to FPM/doctoral students.

**And of course, *The Hitchhikers Guide to the Galaxy* by Douglas Adams to understand the course title and evaluation weightages.**