

**THE NATURE AND FOUNDATIONS
OF ENTREPRENEURSHIP
Spring 2007
(Provisional Syllabus)**

Instructors: Professor Steven G. Ullmann
Office: Office of the Executive Vice President and Provost
240 Ashe Building
Coral Gables, Florida 33124-4628
Phone: (305) 284-2002 - office
(305) 284-6758 - fax
(305) 667-7253 - home
E-mail: sullmann@miami.edu
reba@miami.edu
gradassist.viceprovost@miami.edu
Hours : By appointment

Office: Professor William Green
240 Ashe Building
Coral Gables, Florida 33124-4628
Phone : (305) 284-2006 – office
(305) 284-6758 – fax
E-mail : wgreen@miami.edu
Hours : By appointment

Course Description

In American economic and social life, the creation of new enterprises is a routine activity. This course seeks to understand some of the basic social, legal, cultural, and economic infrastructure that enables and sustains this reality. Though the category of entrepreneurship legitimately is associated with business and commerce, the concept has a wider relevance and applicability. Conventional perspectives on this subject often overlook individuals, such as political or religious activists, whose "products" are not "sold" in traditional markets. A more expansive view considers actions that transform ideas into enterprises that generate intellectual, social, cultural, religious, or economic value. Together, we will use theory, data, case studies to think both broadly and deeply about what it means—and what it takes—to be an entrepreneur and what characterizes the entrepreneurial society.

Course Philosophy and Requirements

We have selected a challenging set of readings that open up many avenues for discussion, and we want you to help shape the direction of discussion. To ensure the success of the course, attendance is expected at all sessions. Students will be asked to present the readings to the class throughout the semester. Each week we will introduce the topic for the week, and then student presentations will help begin the discussion. These presentations and class participation will comprise 40% of your grade. The remainder of your grade will come from a final paper or project and a presentation to the class based on your paper or project. The substance of the final paper or project should be developed

in conversation with the instructors and should build on and apply the topics and readings of the course. The nature of the final paper or project should reflect the student's interests and passions. Its form can vary, depending on its content. It can, for example, be a research exercise, a philosophical reflection and analysis of some aspect of entrepreneurship, a comparative analysis of different national approaches to entrepreneurship, etc. The more interested you are in your project, the more interesting to others it is likely to be.

GRADING and HONOR CODE

The class presentation will constitute 40% of the grade. The final project/paper will constitute 60% of the grade.

The instructors subscribe to the University's Honor Code. All suspected violations will be submitted to the Honor Council.

LEARNING OBJECTIVES

- Close, analytical reading of texts relevant to entrepreneurship from multiple fields, including economics, law, and history.
- Understand and assess different definitions of entrepreneurship and their implications.
- Understand how legal systems, economic policies, and cultural values affect entrepreneurial behavior.
- Understand how law, economics, and culture interact to shape entrepreneurship.
- Analyze, assess, and present ideas in public.
- Develop and present an independent project in public.
- Work collaboratively on the analysis of ideas and projects.

Course Meetings

January 16: Introduction and Overview

January 23: What is Entrepreneurship & Who Is the Entrepreneur?

- Green, William S., "Entrepreneurship, Education, and Freedom" (2004) Kauffman Foundation Occasional Papers Series (revised)
- Blaug, Mark, *Not only an Economist* (1995) Edward Elgar ch. 8
- Schumpeter, Joseph, "Entrepreneurship as Innovation" (1911) in *Entrepreneurship: The Social Science View* (2000), ed. Richard Swedberg. Oxford University Press 51-75. (Originally appeared in Schumpeter's *The Theory of Economic Development*)
- Stevenson, Howard, "A Perspective on Entrepreneurship" in *The Entrepreneurial Venture* (1999) [1983], 2nd ed. Harvard Business School Press

January 30: Economics & the Entrepreneur

- Schumpeter, Joseph, "The Process of Creative Destruction," in *Capitalism, Socialism, and Democracy* (1962) Harper & Row 81-86
- Kirzner, Israel, "The Primacy of Entrepreneurial Discovery," in *The Prime Mover of Progress: The Entrepreneur in Capitalism and Socialism* (1980) The Institute of Economic Affairs 3-31
- Von Mises, Ludwig, "The Entrepreneur and Profit," in *Entrepreneurship: The Social Science View*, ed. Richard Swedberg: Oxford University Press (2000) [1978] 89-109
- Blaug, Mark, "Entrepreneurship Before and After Schumpeter," in *Entrepreneurship: The Social Science View*, ed. Richard Swedberg: Oxford University Press (2000) [1986] 76-88
- Baumol, William, "Entrepreneurship in Economic Theory," *American Economic Review* 58:64-71 (1968)

February 6: Entrepreneurship, Economics, and Innovation

- Drucker, Peter, *Innovation and Entrepreneurship* (1985) 1-36, 253-266
- Baumol, William, *The Free-Market Innovation Machine* Princeton University Press (2002) chs. 1-5, 14

February 13: Necessary Conditions for Entrepreneurship: Property Rights

- *U.S. Constitution, Art. I, Sec. 8, cl. 8; Art. I, Sec. 10, cl. 1; Amend. 5*
- *35 U.S. Code Secs. 101, 112, 154(a)*
- Shavell, Steven, *Economic Analysis of Law* (2002) Foundation Press 29-36
- Demsetz, Harold, "Toward a Theory of Property Rights," *American Economic Review* (1967) 57:347-359

February 20: Necessary Conditions for Entrepreneurship: Property Rights as an Aspect of Culture

- North, Douglass, & Weingast, Barry, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* (1989) 99:803-831
- Kingston, William, "Property Rights and the Making of Christendom," *Journal of Law and Religion* (1992) 9:373-397
- Underkuffler, Laura, "On Property: An Essay," *Yale Law Journal* (1990) 100:127-148

February 27: Necessary Conditions for Entrepreneurship: Economic & Legal Regimes

- Harper, David, "Institutional Conditions for Entrepreneurship," in *Advances in Austrian Economics* (2003) 5:241-275

- Hayek, F.A., “The Use of Knowledge in Society,” *American Economic Review* (1945) 35:519-530
- DeSoto, Hernando, *The Mystery of Capital* (2000) New York: Basic Books, chs. 1, 3, 7

March 6: Necessary Conditions for Entrepreneurship: Failure and Sustainability

- Easterbrook, Frank & Fischel, Daniel, “Limited Liability and the Corporation,” in *Foundations of Corporate Law* (Romano, Roberta, ed.) (1993) Foundation Press 62-70
- Jackson, Thomas, *The Logic and Limits of Bankruptcy Law* (1986) Harvard University Press intro., chs. 1, 9, 10
- Warren, Elizabeth, “Bankruptcy Policymaking in an Imperfect World” (1993), in *Bankruptcy Anthology* (Tabb, Charles, ed.) (2002) Anderson Publishing Co. 678-686
- Adler, Barry, “Bankruptcy and Risk Allocation” (1992), in *Foundations of Bankruptcy Law* (2005) (Adler, Barry, ed.) Foundation Press 254-258

March 20: Necessary Conditions for Entrepreneurship: Political Freedom

- Barro, Robert, *Determinants of Economic Growth* (1997) MIT Press ch. 2 and pp. 13-15
- Sen, Amartya, *Development as Freedom* (1999) Knopf 3-53

March 27: Necessary Conditions for Entrepreneurship: Religion and Values

- Barro, Robert & McCleary, Rachel, “Religion and Economic Growth” (2003) NBER Working Paper 9682
- Ferguson, Niall, “Economics, Religion, and the Decline of Europe,” *Economic Affairs* (2004) 24:37-40
- Coleman, Jules, *Markets, Morals and the Law* (1988) Cambridge University Press 311-342, 393
- Sunstein, Cass, “Social Norms and Social Roles,” *Columbia Law Review* (1996) 96:903-668
- Lipset, Seymour Martin, “Values and Entrepreneurship in the Americas,” in *Entrepreneurship: The Social Science View*, ed. Richard Swedberg: Oxford University Press (2000) [1970] 308-331

April 3: A Contemporary Perspective

Carl Schramm, *The Entrepreneurial Imperative* (2006).

April 10: Projects

April 17: Projects

April 24: Class Presentations