

Three Conceptions of Capitalism

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Summary / Claims

- Provides “a framework for thinking about, evaluating, and comparing alternative conceptions of capitalism”:
- (1) Friedmanesque Capitalists
- (2) Managerial Stakeholderists (Instrumental and Pluralistic) (*cf.* Nonmanagerial)
- **(3) Democratic Capitalists**
 - Has “deep concerns about corporate externalitiesbut skeptical that corporate leaders could be expected to serve stakeholders beyond what would serve shareholder value.”
 - Supports “adopting external laws, regulations and policies that would constrain and incentivize companies. (e.g., carbon taxes/subsidies to address climate change, labor-protecting laws to protect employees).”

Summary / Claims

- Asks 4 guiding questions:
- (1) How well is capitalism working? (DC: Not well.)
- (2) Can corporate leaders be expected to protect stakeholders? (DC: No, incentives.)
- (3) Are government interventions beneficial and available? (DC: Yes, indispensable.)
- (4) To what extent should corporate lobbying be expected to be beneficial? (DC: Not beneficial.)

Summary / Claims

- Concludes:
- The promise of stakeholderism is “illusory.”
- “Instead of attempting to rewire internal corporate governance, those concerned about stakeholders should focus on protecting them through adopting external rules and regulations.”

Overview of Discussion

- Congratulations on an extraordinary body of work & distinguished lecture!
- And...engagement on 3 topics:
 - Categorizing theories/views
 - Puzzling through complexities
 - Exploring positive vs. normative accounts and future challenges



1. Categorizing Theories/Views

- **Characterizing stakeholderists**
 - Do they really differ from DC on (3) whether government interventions are beneficial and available?
 - Do they really differ from DC on (4) whether corporate lobbying is expected to be beneficial?
- **Perhaps more agreement than it appears!?**



1. Categorizing Theories/Views

- **Does this framework categorize views differently than other attempts? (Does it matter how you slice it?)**
 - E.g., Kahan & Rock (shareholderism vs. 3 types of welfarism – portfolio, shareholder, direct social);
 - Bartlett & Bubb (shareholderism vs. 3 types of CSR through shareholder governance (ESV, shareholder social preferences, portfolio value maximization));
 - Bratton (shareholder primacy vs. social shareholding vs. welfarist purposivism).



1. Categorizing Theories/Views

- Can we understand Friedmanesque Capitalists & Democratic Capitalists as 2 different versions of shareholder primacy?
- How might we understand the move to Democratic Capitalism?



2. Puzzling Through Complexities

- “Corporate politicking is detrimental because it weakens the democracy’s ability to constrain and regulate corporate behavior.”
- → **Agree. How do we get out of the status quo in the existing system (which involves corporate political activity, politicians, and expanding 1st Amendment doctrine)?**



2. Puzzling Through Complexities

- “Acceptance of stakeholderism raises illusory hopes that corporate leaders would protect stakeholders on their own. This could substantially chill or impede efforts to obtain regulatory reforms that could produce real benefits for stakeholders.”
- **→ That’s one possibility. What do we know about how change occurs? Acceptance or rise of stakeholderism could conversely help create an environment for pro-stakeholder regulation.**



3. Positive vs. Normative Accounts & Future Challenges

- **DC likely reflects a large amount of agreement as a descriptive matter (in many places):**
 - We have a shareholder-oriented system that raises deep concerns about corporate externalities and the ability of corporate leaders to serve stakeholders beyond what would serve shareholder value. External laws are needed to address corporate externalities.
- **Is DC also the best normative view?**
- **A challenge for stakeholderists (& others) who wish to shape a different future: how do you get to a paradigm shift?**

Conclusion

- Democratic capitalism is the culmination of an extraordinary body of work that gives much food for thought:
 - Categorizing theories/views
 - Puzzling through complexities
 - Exploring positive vs. normative accounts and future challenges



*Congratulations
&
thanks for the opportunity to engage
with this important work!*