Course Description

BUSENV 1706: Market Manipulations [Honors College]

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This course uses the business history of the United States, 1835-1935, with excursions both backward and forward from that period, to examine a range of market manipulations, including speculation events such as bubbles, panics, and manias; scams such as Ponzi schemes; and deliberate market interventions, such as the creation of monopolies. It also examines some of the social, institutional, and governmental attempts to deal with these manipulations.

Throughout the course, we use the study of historical events to develop understanding not only of the past, but also of today’s business world. For example, we compare all the major panics in U.S. history: 1837, 1857, 1873, 1893, 1907, 1929 -- and the most recent, now known as the Great Recession, but likely to become known as the Panic of 2008, especially once its similarity to past (and, sadly, future) panics is understood.

We compare three industrialists of the Gilded Age, Carnegie, Rockefeller, and Westinghouse, all of whom were important in the Pittsburgh region, examining the methods they used to build their companies. Indeed, we use that experience to construct a guide of how to construct a monopoly. It is a group in which Westinghouse stands as odd man out, and we examine why.

We also look at the Progressive Era from the point of view of pushback to the manipulations of the previous decades, sketching several of its themes that have continued to shape the business environment of today. For example, we see the roots of the New Deal’s policy experimentation and the social and financial security framework we enjoy today in such events as Coxey’s Army, the Triangle Fire and the career of Frances Perkins, and the methods used by J.P. Morgan to tamp down the Panic of 1907.

Thus, what is perhaps unusual in this course is its dual treatment of both the mechanisms by which opportunistic actions are taken in markets, and the attempts to ameliorate impacts that occur as byproducts of such actions.